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Management Training as a Source of Competitive Advantage in the Financial Services SMEs in Greece

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“MANAGEMENT TRAINING AS A SOURCE OF COMPETITIVE ADVANTAGE IN THE FINANCIAL SERVICES SMEs IN GREECE”

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**“MANAGEMENT TRAINING AS
A SOURCE OF COMPETITIVE
ADVANTAGE IN THE
FINANCIAL SERVICES SMEs IN
GREECE”**

**By:
George Galaïos**

**A thesis submitted in partial fulfillment of the
university's requirements for the Degree of
Master of Philosophy
December
2014**

I would like to thank my family for all the support throughout these hard years of intense work. Without them I would have never completed this research.

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LIST OF ABBREVIATIONS:

CIPD: Chartered Institute of Personnel and Development;

CPD: Continuing Professional Development;

CRANET: Cranfield network UK

CHRD: Critical Human Resource Development

EMU: Economic & Monetary Union

EOMMEX: The Hellenic Organization for Small & Medium sized Enterprises

ESRC: Economic and Social Research Council of the UK

EU: European Union

HR: Human Resources;

HRM: Human Resource Management;

HRD: Human Resource Development

IPREG Innovative Policy Research for Economic Growth

LAEK: Greece government Funding Scheme

LO: Learning Organization

MOOCs: Massive Online Open Courses

OAED: Greek Government employment organization

OECD: Organization for Economic Cooperation and Development

REF: Research Ethics Framework

SME: Small and Medium Sized Enterprise

T&D: Training & Development

TNA: Training Needs Assessment

ROI: Return On Investment

CEO: Chief Executive Officer

VP: Vice President

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CHAPTER 1

1. Setting the stage for the research

This thesis attempts to focus on the management training philosophy and practices which underpins the Greek Small and Medium Enterprises (SMEs) which operate in the financial services sector (stock market). The aforementioned research area is considered a fruitful one in Greece given that limited research on the topic exists.

Small and Medium Enterprises constitute the backbone of the European Union (EU) and the Greek economy (*the European Union has over 17 million SMEs which cover about 75% of its employment, and accounts for 50% of the investment that takes place and 60% of EU's wealth*” <http://europa.eu.int>) and therefore it would be interesting and useful to examine the various training strategies implemented in order to gain competitive advantage, especially in turbulent times, taking into consideration the wider global economic crisis (2007 – 2014). It is suggested that every competitor struggles to “outplay” the others and obtain the competitive advantage which will ultimately increase profit and / or market share. Training, according to Burke 2011, Tanova and Nadiri 2005, and Boxall and Purcell 2003, is an avenue used for reaching competitive advantage. Thus, this thesis will attempt to examine the training & development practices performed in the Greek market and specifically SMEs in the financial sector exploring in extent the potential of management training at supporting the companies at their endeavor during this tough economic period for the country and their business.

1.1 Topic and industry selection

Apart from the importance of the SMEs for the economy of the EU and Greece, another factor that led the researcher to choose the particular topic and market for investigation has been the strong personal links and connections with the financial services industry, something which highly assisted the field work. Better accessibility to the companies and their professionals / managers was achieved based on those connections. In an era of financial instability and severe market depression such accessibility might have been hard to attain as willingness and interest of participating was expected to be lower if the researcher's personal links were not in place prior to the beginning of the field work. This statement was greatly reinforced during the initial contact the researcher attempted while developing the study's sample. Indeed, very little to no response was achieved by SMEs that did not hold any sort of personal linkage with the researcher.

Furthermore, the focus of the study, as the title suggests, relates towards training of the managerial staff. Again, extensive literature does exist outside Greece and especially when it comes to the training in the SMEs, but the Greek experience is limited. The focal point of the study is whether training can be used by the organizations in the attempt to reach a higher level of competitiveness, in other words, if management training in SMEs is capable to lead to a sustainable competitive advantage. Professionals operating in this industry require certification to achieve their license to operate. This fact suggests that training has to take place in order to fulfill the requirement of certification. The study though sheds light to what is

happening after the exam for the certification is complete. Professionals employed in SMEs may not enjoy the funds available to other larger in particular organizations. Thus it is interesting to know how training is dealt with, if training is mainly structured or informal, how the SMEs organize their training & development programs and if that can bring an edge.

The SMEs in the financial services sector need to employ certified individuals only. The securities commission sets the standards as well as any re-certification and knowledge requirements for professionals in the financial industry. All companies in the research sample are registered with the Ministry of Commerce as financial service businesses but in reality they deal with activities related the stock market. It is a fact that all companies do engage in training prior to the securities commission examination for better preparing their candidates to succeed in this test. That is another deciding point that led the researcher to focus on the training in this specific industry. It is one of the projects' goals to determine what the companies do additionally -training wise- since they all start from "a leveled playing field" considering the kind of training they offer to the candidates who are tested to receive the work license. This training is provided by the same external professional trainers, as the interviews have revealed, and they are very similar in structure and quantity.

1.2 Research objectives, methodology and sample

The research objectives of the thesis are the following:

- 1. To identify the contribution of management training to organizational competitive advantage;*
- 2. To investigate the current status, uptake and perceived impact of management training in Greek SMEs in the stock exchange market;*
- 3. To examine and evaluate any effect of the EU and the Greek government supporting policies (mainly funding) concerning training and development of the Greek SMEs in the stock exchange sector in terms of its impact on competitiveness.*

Considering the means for reaching the answers to the research aims and questions, qualitative approach was employed. Qualitative methodology has been considered as adequate for the nature of this project as the researcher feels that in order to best investigate the research topic figures & data - as in the case of a project of quantitative nature - would not provide the depth required, whereas a solely qualitative approach will offer the opportunity to the subjects to answer in their own words the questions of the interviews which actually take place in their own environment. In support of the chosen methodology, Denzin and Lincoln (1994) argue that the qualitative approach focuses on processes and meanings that cannot be rigorously measured in terms of quantity, amount, frequency or intensity. Moreover, qualitative methodology, according to Jones (1985) is the only approach that examines in that depth the feelings

and attitudes of the people being questioned, providing as such great insights and details of how the subject defines values and comprehends reality.

The project sample is comprised by four companies (SMEs) which will be studied as individual case studies and two subjects groups have been developed for the interviews. Group “A”, those responsible for the training management decision making and overall organizational Human Resources and group “B”, the management trainees – staff that have participated in training but have no say on the decision making. The interviews have the form of open ended questions with supplementary questions added throughout if the researcher / interviewer feel they are needed for retrieving additional information. The rationale behind the employment of this methodology is explained in depth in the methodology section (chapter 3).

Four are the SMEs which are examined in this project. All four are included in the first field work and two of these are also present in the follow up primary research that has taken place a few years after the initial one was conducted. The initial research took place in 2010-2011 and brought to light a number of important information regarding the research questions. The second primary research conducted in 2014, had the purpose of testing the theory which derived by the initial field work finding out if it was still applicable three years later in a highly unstable market due to the financial depression, and to determine whether this theory explains adequately the reality, the approach, and the attitude of the Greek SMEs in relation to training.

1.3 Chapter 2 Outline: Literature review

Tung-Chun Huang (2001) has stated that little research has been conducted on the effectiveness of training in SMEs globally and this seems to be the case in Greece as well. There seems to be a gap in the existing bibliography not only on the subject of training in SMEs, but also about whether training constitutes a competitive advantage for organizations. The initial research is based on Secondary research sources examining the term “Training” in an effort to establish how it is perceived and whether it is differentiated in terms of meaning by the market and companies in the specific industry. What type of training is preferred and for what reasons? How does the type of Industry in which an SME belongs, affect the training program and the level of employees involved? All the aforementioned are thoroughly analyzed in Chapter 2. In addition, the important terms of training, development and education are presented and defined.

Furthermore, another important issue is addressed, that of the relationship between training and SME improvement in the areas of profitability, work efficiency and performance. For instance, a number of researchers such as Baldwin et al, (1994) argue that there is an inverse relation between the number of managers receiving training and profitability (i.e. successful SMEs train fewer Managers than less successful ones). However, a modern school of thought is also presented and well supported by a number of scholars indicating the exact opposite arguing for a solely positive effect of training (Croft and Brown, 2005, Panagiotakopoulos, 2011, Tanova and Nadiri, 2005, and Burke, 2011, and Garavan, 2007). This is followed by the

mapping of SMEs in the Greek market. SMEs are examined and described in terms of characteristics and organizational function. Furthermore, the interrelated to the thesis concepts of human resource development and knowledge management are also presented and explained.

1.4 Chapter 3 Outline: Research design

The Research design is the main issue of Chapter 3. In this Chapter, the ontological and epistemological dimensions of this thesis are discussed. Furthermore, the rationale of employing a qualitative methodology is presented. In terms of selecting the appropriate research methodology, qualitative methodology has been selected. For the purposes of this research it is considered to be the ideal method of gaining the respondents “own experiences and own sense of reality” (Locke et al., 1993 cited in Eldabi et al, 2002). The methodology is analyzed throughout Chapter 3. Moreover, the chapter addresses the issue of credibility of the study, following the rationale applied by Niss (1996). The findings are used to map the current situation and highlight the areas in which the management training schemes which are used appear to be effectively tailored to the needs of the SMEs investigated and whether this approach / strategy further assists the organizations at building the basis for gaining any competitive advantage over its’ competition.

In this chapter specifics about the research sample, the categorization of the interviewees and the two field works which took place are also presented and elaborated.

1.5 Chapter 4 Outline: Data presentation and analysis in the 2010-2011

This chapter deals with the presentation of the data that has been retrieved through the interviews in the field work conducted in 2010-2011 and its analyses. It also includes a thorough presentation of the participating SMEs describing issues of employee numbers, corporate structure and ownership, annual financial statements / facts, historical data, and budget details. It reviews the actual use of management training schemes by the SMEs that are participating in this research. The research gathers the data about the actual availability and standard of existing training schemes. There may be a need for management training to be established and considered crucial for developing competitive advantage, according to a considerable number of subjects, mainly from the trainees' group, however the schemes on offer appear to not be directly related to the actual needs of the SMEs and the overall approach by the sample does not meet the conditions for establishing a supportive environment for “outplaying” the competition via the prioritization of training in the organizational agenda.

It is among the aims of this research to search for the areas which might link training with an increased chance of achieving competitive advantage. This chapter through the analysis of the interview findings provides the essential information that drives the researcher to the conclusion as to why the management of the companies researched has resorted to the current training strategy.

1.6 Chapter 5 outline: The follow up field work data of 2014

Chapter 5 deals with the presentation of the primary research work of 2014 which is the follow up field work of the initial conducted four years earlier. The chapter is divided in three core areas. These are: a) the current training practices and what have changed since the initial field work (three years ago), b) the knowledge management: 1 Knowledge creation and 2 Knowledge circulation inside the SMEs, and c) the issue of training and competitiveness. Its' importance lies on the fact that it identifies the changes or the developments which have been occurred from the first field work and focusing on the SMEs that have participated in the 2010-2011 research sample. Additionally, tables presenting all the essential information about the SMEs and the personnel investigated (i.e. number of employees, net income, budget percentage invest on training, and some basic personal information of the interviewees such as position, years of experience and educational background) regarding the SMEs are also included in the chapter.

1.7 Chapter 6 outline: Discussion

This chapter constitutes the discussion part of the thesis. In this chapter, the findings are discussed and compared with the existing literature surrounding the topic of management training and competitive advantage. The discussion engages the related literature and the data collected by the SMEs in Greece showing the very low occurrence and priority which are given to the formal modes of training in

comparison to the informal training that appears to be the dominant approach used in the SMEs. The field work of 2010-2011 and this of 2014 proved that the Greek data does not present many differences when compared to the international literature that views the SMEs as great advocates and practitioners of the informal training approach. The results of the primary research are articulated on the figure 6.2 which presents the new theory that has been created by the completion of the study. The figure is entitled “Management training and competitive advantage in the Greek SMEs” and its’ importance is that it “answers” the thesis’ central question on whether the management training employed by the SMEs is capable to establish a competitive advantage.

The discussion chapter also sheds light into the effect the economic crisis has on the companies in the sample and “how” this has contributed to the companies’ decisions towards training. Additionally, future consideration for the SMEs into the on-going Greek financial depression and the dynamics and potential training might hold to assist the organizations escaping the crisis is also discussed.

1.8 Chapter 7 outline: Conclusion

The concluding chapter of the thesis talks about the scientific contribution of this research and sums up the key findings providing also the final answers on the project’s research questions. Additionally, it discusses the limitations of the study and also presents the potential it offers for future research explorations based on this thesis findings.

The research findings can be used for gaining a clear picture of the training notion that underpins the SMEs in the financial sector in Greece and also to establish the factors which resulted into shaping that approach. Finally, the conclusion of this research includes a summary and analysis of the main findings focusing on the newly acquired knowledge that this research has brought. This new information will be used to improve the understanding of the state of the Greek SMEs and it can be used as a basis for further research. A future research project looking at the effects of the Greek financial crisis (2009-2014 and ongoing) on the training practices in the Greek financial services market SMEs can be an interesting continuum of this study.

CHAPTER 2

2. Introduction

This chapter provides the basis of the study in terms of defining the terms surrounding the topic. It attempts to examine what '*education*' means, how '*training*' may be defined and how '*development*' is different from training as well as what Human Resource Management (HRM) and Human Resource Development (HRD) mean and where they differ. The chapter will attempt to link training with the performance of an organization identifying the linkages with the concept of competitive advantage. Within this framework, an understanding of what SME (Small and Medium Sized Enterprise) is provided with numerous statistical facts considering the Greek market, since the field work will be based on a sample of financial services SMEs in Greece.

2.1 Training and Development as a strategic HRM tool

Before defining and examining Training and Development within the context of this thesis, it is essential to understand the framework within which they operate. Training and development are dealt with within the wider framework of Human Resources (HR) departments and a growing number of organizations globally have come to realize the importance of managing human resources. Mabey and Salaman (1995) discuss the alignment required in theory between business strategy and human resource strategy and where training and development lies within this context. In essence, training and development are both part of this model, suggesting that they are

part of every organization and also instrumental in aligning the business strategy with the HR strategy of the organization. Through courses, events, assignments and other methods, Human Resource Management (HRM) attempts to equip the organization's human resources with the practical knowledge required to meet the organization's challenges. Furthermore, HRM as an activity of an organization considers the integration of manpower planning into strategy, the development of human resources and encourages commitment of employees to company goals. HRM has developed considerably in the past decades and has taken up a much more strategic role to operate in the increasingly demanding business environments around the world (Mabey and Salaman, 1995). According to most analysts, (Torrington and Hall, 1997, Guest, 1989), HRM can be seen as the "evolution" of Personnel Management, providing a more strategic role to the management function, supporting the corporate and business strategies of any organization.

Human Resource Management is a resource – centered activity directed mainly at management needs for human resources to be provided and deployed. Managers involved in HRM have a significant number of duties and functions, such as Communication and Consultation, Training, Development, Recruitment and Selection, Employee appraisal strategies etc. All of these functions play a significant role in the overall success of a company and assist in the smooth operations of any business as well as help managers in their conduct of business in that they are equipped with further practical knowledge, motivated, and evaluated constantly (through appraisals among other policies), thus creating additional chances in benefiting the company through his / her performance (Barney, 1991, Torrington and Hall, 1998 and Armstrong, 1999).

2.2 Background - Training in Greece

Greece has a population of 11+ million people and a per capita income of 21,030 (\$, US) (www.economist.com/theworldin/2012). Greece is also part of the European Union, an economic (mainly) community of 27 member States and close to 500 million people. Most conclusions derived from parts of the literature review, justify the assumption that training can play an indispensable role for achieving a higher degree of efficiency, performance, and competitiveness (Tanova and Nadiri, 2005, Gibb, 1997, Westhead and Storey, 1997). However, it has been also verified that a considerable number of companies internationally and particularly the small and medium sized ones, do not make “extensive” use of HRM schemes and training, or even completely skip it. (Tanova and Nadiri, 2005, CRANET, 1999) As Gibb (1997), Westhead and Storey (1997) argue, particularly the smaller firms are the ones that tend to neglect those practices which in contrary, the big multinationals with established branches worldwide, seem to appreciate HRM and training to a much higher level (CRANET, 1999; Galanaki and Papalexandris, 2004 and Papalexandris and Chalikias, 2002). The multinational firms have acknowledged the crucial importance of training when they compete with other companies of equal “budget – power” which according to De Wit and Meyer (2004) and Boxall and Purcell (2003) may be well reflected in the form of corporate competencies, capabilities, assets, capital, etc. As Galanaki and Papalexandris (2004) research findings indicate, these organizations have developed very knowledgeable, experienced and sophisticated HRM in house departments.

In a survey conducted by a number of European Universities under the coordination of the Cranfield (CRANET - Cranfield network, 2001), a Greek University also participated (Greek University of Economics and Business) providing interesting results relating to Human Resources, training and development in Greece (among other HR issues examined such as salary levels, appraisals, communication, performance etc.). The conclusions drawn are summarized as follows:

- Greek companies seem to value their human resources and have begun investing considerably since the mid 1990's; this is evident by the increasing use of appraisals, bonus schemes, job - analysis and recruitment methods;
- Multinational firms from the USA and the UK have incorporated HR policies similar to those adopted in the corporate headquarters, thus providing standardization of methodology and uniformity;
- Recruitment procedures have become more sophisticated in terms of selection procedures (psychometric tests etc.). Greece seems to value training highly compared to other EU partners such as the UK, Italy, France, etc. A great number of companies invest in employee training requests and have planning mechanisms set;
- Greece spends more than 2% of the yearly salaries on training;
- Greece places special attention in training individuals in Information Technology areas (users mainly);
- Greece analyses training needs mainly based on the managers' intentions, training audits and performance appraisals;
- Greece also places emphasis in training staff in areas that are quality and sales related, as it is felt that these areas can provide competitive advantage.

It should be noted however that most organizations that participated in the research were large public and private companies, multinationals and banks that had “knowledge” (as the research indicates) in HR areas. This leads to a limitation of the research, since medium – sized and smaller firms were not included in the sample. A great number of smaller companies in Greece may not even have a human resource department. This thesis aims to provide a clear picture of the Greek SMEs attitudes towards the issue of management training, how highly these firms value it as well as how they approach it and how much they invest in terms of money, time and effort to pursue training.

Since Greece joined the Economic and Monetary Union (EMU) certain aims had to be achieved in order to boost the country’s competitiveness in order to catch up with the fast moving economies of the EU and the unstoppable technological advancements (Papalexandris and Chalikias, 2002). For meeting these targets, HRM strategies of the Greek companies had to be re-examined and align with the HRM techniques multinationals usually implement (Papalexandris and Chalikias, 2002). The CRANET (1999) report showcases that in the 90s, the larger Greek firms started to apply HRM methods, similar with those performed by the branches of the multinational companies operating in the country.

A comparison between the CRANET survey of 1993 and that of 1999 has showed some improvement when it comes to training expenditures allocated by the Greek firms. Especially the larger companies (between 150-200 employees) have recognized the benefits of training according to Galanaki and Papalexandris (2004). The researchers claim that these firms have gone to the point of creating their own in-house HRM center / department responsible for relevant activities like training. The

same authors has found that there is a very low presence of HRM and training consultancies in Greece in comparison to the other member states of the EU. Maybe, due to the weak regulation of the government and the plethora of informal mechanisms organizations many times use, proving the fact that the Greek HRM market remains to some extent underdeveloped (CRANET report, 1999; and Galanaki and Papalexandris, 2004). However, only a few years earlier, the findings from a study conducted in Greek firms by Papalexandris and Nikandrou (2002) suggested that training can no longer be treated as a method to cure skills deficiencies, but rather as a continuous, life-long learning process with considerable impact to the growth of the firms; acquiring human skills presents the greatest challenge for training; and adaptability and self-learning are necessary elements that need to be incorporated in the educational system from its early stages.

Myloni et al, (2004) believes that Greece stands as an interesting area to explore and examine as very little research has taken place so far at investigating managerial aspects within the Greek context of businesses. Probably the reason for such lack of research information might also be attributed to a substantial “gap” of empirical research in management on recently industrialized or developing countries. (Myloni et al, 2004) Also, Myloni et al (2004) state that Greece may not be a developing state but it does reflect some sort of uniqueness with regards to socio-economic and cultural environment similar to those usually seen in those countries. An example is the tension between old and new cultural values and ethics as well as the multinational volatility that can be characterized as Greece’s indicators of originality and uniqueness.

It must be stated that the Greek government having acknowledged the importance of training and personnel development, has established a scheme where

companies are given funds for education and training, called the 0,45 LAEK scheme under OAED (the Greek abbreviation for the organization that handles funds for training and educating company employees). Under this scheme, 0.45% of the company's total amount of net salaries given to all its employees can be used for training (seminars, educational programs etc.) and be refunded within 3 – 6 months or more in some cases. (<http://laek.oaed.gr/>) Among the issues that are worth examining is the degree up to which the average Greek SME has identified training as a factor of potential competitive advantage and whether it is willing to follow this need.

2.2.1 SMEs in Greece

The following are statistics on the Greek SMEs market by Eommex (the Hellenic Organization of Small and Medium Enterprises (www.eommex.gr)): About 92% of the enterprises in the EU are small and family oriented employing up to 10 people whilst 6% are medium-sized enterprises. In Greece, enterprises employing 50 persons and below form about 99.55% of the total number of enterprises and they employ 74% of the work force of the private sector.

Apart from the above mentioned data, it should be stated that the SMEs provide 70% of the new jobs in Greece. According to the same source, the role of SMEs in the national economy and employment is vital, since the main business model in Greece has traditionally been a 'family business' employing usually less than 10 persons. It is true that these particularly small companies don't have training and development prioritized (CRANET, 1999). However, the sample that has been chosen to be investigated – the SMEs in the financial / stock market sector of Greece

– was expected to showcase more belief and better attitude towards training as these companies are relatively larger than just averaging about 10 employees, owning more financial capabilities for investing and compete in a very tense market field where competitive advantage is the desired but hard to achieve objective.

From the total of these 733.000 SMEs, more than half, 394.000 or 53.7% do not employ any salaried workers and they employ 11 people on average. These are enterprises of self-employed people in which members of their family also work. SMEs with 1-9 salaried workers are 321.000 or the 43.8% of the total, with 508.000 salaried workers or average employment of 1.6%. SMEs with 10 up to 49 salaried workers are 16.100 or 2.2% employ in total 303.000 workers with average employment 18.8% a number which implies that the majority of the enterprises of this category employ less than 20 people. Finally, SMEs with 50 to 249 are up to 2.200 or 0.3% with the average employment of 100.9 which is just over the limit of 100 employers, in each enterprise are thus defined by the Monetary Committee as small and medium sized (www.eommex.gr).

The research completed in 2008 by Eommex based on a sample of 3519 SMEs in Greece that employed a maximum of 249 people suggested that SMEs are quite popular (in terms of size) and mainly grow by organic growth (95%), suggesting training requirements and identification of talent within the company (among other). Furthermore, new technologies were embraced by half the sample (50%, suggesting that on-line learning may be a future possibility, especially given that 66.5% of the SMEs enjoyed ADSL connections.

Among the general findings of the above research activity in Greece as well as the overall implications of the above discussion one could argue that SMEs are very

popular in Greece given the country's population and traditional business activities. The average number of employees however (96) suggests that this figure is growing and getting closer to averages suggested by the EU in other EU states. In essence, this implies that government funding for training has risen as it is based on the number of employees and a certain percentage of the wages offered to these employees, thus the higher the number, the higher the public fund figure.

Another research activity undertaken by IPREG (Innovative Policy Research for Economic Growth) (<http://www.ipreg.org/default.asp?pagename=mission.asp>) found that Greece is one of the 'top' countries in 'entrepreneurship levels with 17% of its population having attempted a business venture and another 15% estimated to begin a business venture within the next 3 years. On a socio – political note, the Greek government, alongside the EU is supporting such activities through funding such projects and eliminating bureaucracy.

2.3 Creating the context: Small and Medium Sized Enterprises (SMEs) defined

Since the thesis attempts to examine a number of SMEs in the financial sector in Greece it is important to provide a definition and various characteristics of the abbreviation "SME". The European Commission provides the following definition for an SME: In order to be considered as an SME, an undertaking must have fewer than 250 employees and may not belong to one or more enterprises. More specifically, an enterprise is considered medium-sized if it has more than 50 and less than 250 employees, an annual turnover not exceeding EUR 2,7 million (the figure is slightly lower in Greece, up to 2 million Euro, Mylonas & Athanasopoulos, 2012, National

Bank of Greece research study). A small enterprise must have fewer than 50 employees, an annual turnover not exceeding EUR 7 million or an annual balance sheet total not exceeding EUR 5 million (Moussis, 2002 and http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/files/countries-sheets/2012/greece_en.pdf). The European Union has over 17 million SMEs which cover about 75% of its employment, and accounts for 50% of the investment that takes place and 60% of EU's wealth, 55% of business turnover, and 99.8% of all EU companies (http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/files/countries-sheets/2012/greece_en.pdf).

It must be noted at this point however that Greece's definition of SME can be somewhat different in terms of requirements since Greece has a relatively smaller population than many EU States and is characterized as a 'service oriented' country. Specifically, SMEs in Greece may be defined (www.eommex.gr) as the enterprises which employ up to 100 salaried workers on average in the last three years and have an average turnover up to 2,4 million Euro, unless the SMEs are capital intensive in which case the maximum number of employees is limited to 50. The number of SMEs in Greece exceeds 733.000. The EU in order to define an enterprise as medium-sized sets a limit of 250 employees. Even with the above limit the number of the SMEs in Greece doesn't grow dramatically, given the fact that the enterprises with more than 100 employees are very few (www.eommex.gr).

Westhead and Storey (1997) suggest that employees in SMEs usually do not receive training as often as the ones working in larger - i.e. multinational - firms. The reason for this may derive from a possible ignorance from the part of the SME owners and market issues (Tung-Chun Huang, 2001). According to the author, if ignorance is

the reason, then either the manager is not well informed about training or training programs have not been appropriately marketed.

Moreover, Tung-Chun Huang (2001) states that little research has been done to consider the effectiveness of training to the SMEs. However, two decades ago, Baldwin et al (1994) found that the proportion of employees receiving training and training expenditure per employee to be negatively correlated to business profitability in SMEs. They also found that the most successful SMEs train fewer workers than the least successful firms. It would be interesting to examine why this is the case. However, more recent studies such as Croft and Brown (2005), Panagiotakopoulos (2011), Tanova and Nadiri (2005) and Burke (2011) and Garavan (2007) have found more positive correlations between training and effectiveness. For instance, Croft and Brown (2005) in their work argued that the overall result of their evaluation research on SMEs was a confirmation that the aims of a specific program researched had been more than adequately met. The participants saw the training course as very worthwhile, claiming that it had met their training needs and improved their performance in the workplace with regards to knowledge, practical use etc. The research indicated that, by using innovative programs (such as the one described in the study which was innovative in terms of the mix between management and staff), higher education institutions can contribute to the empowerment and to self-management among the employees of small companies.

Such findings – it is argued – differ from area to area and country to country. Wynarczyk et al (1993) experienced an insignificant relationship between the provision of training and firm performance in a study they conducted in the UK, and that drove Westhead and Storey (1997), after examining a great deal of past related to training research, to reach the conclusion that between training and SMEs

performance a strong correlation is not well established. Also, Marshall et al (1995) suggest that management training projects have little to do with the issue of firm performance, and Cosh et al (1998) who studied 1640 SMEs in the UK although they have found a positive link between training and firm survival, they also stress that this link wasn't statistically significant. Westhead and Storey back in 1997 argued that although the literature didn't establish a clear link between training and better performance – they fail to recognize the dependency of the training to the ability and the knowledge of those who provide the training, in other words the effect the degree of the quality of training might have on the improvement of performance. Therefore, in conclusion, the authors (Westhead and Storey, 1997) suggested that better quality training will possibly yield greater performance results.

2.4 Defining “education,” “training” and “development”

There are various terms and concepts that need to be examined in order to comprehend the area under investigation in this thesis. These are ‘education’, ‘training’ and ‘development’. Given the wider social area under investigation being management and business in general, it seems logical to examine the terms within an organizational or business environment.

2.4.1 Education

Education, according to Collins dictionary (2000), means “learning and teaching” In the greater part of the 20th century, education usually implied being in a classroom being lectured / taught, however with the rapid technology advances and the growth

of new methods (i.e. distance learning, on – line learning, blended learning and others) education as a concept implied additional things. The growth of internet users, the ability to conduct research via the web and to have information available at home almost at any given time has given rise to new distance learning educational programs, new methodologies for educating oneself and new types of educational data bases exist. Students can submit on – line, conduct research and / or even be examined via the web. Within this context, ‘education’ has become a much more difficult concept to define and one that is constantly being challenged.

Based on the above, education may be defined in a ‘broad’ and ‘wide’ context encompassing a number of different variables. Education may be used in a broad sense as Reid and Barrington (1994) suggest, with the idea that developing one’s values, opinions, and personality is achieved independently of institutionalized education (i.e. Universities, colleges, schools etc.). This is the type of development which can be attained throughout the experiences one could have during life, without necessarily attending any formal educational institution. For instance, years of work experience can and will further develop ones skills and knowledge in the field of his profession and expertise although Calabrese (1995) argues that a formalized training process provided by the educational system becomes a necessary prerequisite for career evolution. It is no longer possible for a worker to improve his/her skills only through “on-the-job training” which was previously possible because of the specific technical contents involved in new technologies. The broad sense of which Barrington and Reid (1994) discuss, it could be argued, still holds in the first part of the 21st century despite the new methods for training, learning and developing ones’ self. For example, a ‘distance learning’ program attended may be seen as part of one’s career development, however also contributes to an individual’s wider educational

background either in terms of knowledge and / or in terms of personality and opinions. In sum, the term education, according to Oxford's thesaurus (1995) suggests coaching, enlightenment, guidance, schooling, teaching, training, tuition and development among other. It is undoubtedly the 'wider' or 'broader' among the three concepts being analyzed in this chapter (training, development, education).

2.4.2 Development

The next term which requires analysis in order to provide the framework behind the terms under examination is "development" for the purposes of this thesis. (Since the term is being examined in an HR context alongside training and education) Self - development may be defined as the process by which a person's character or abilities are gradually developed (The Oxford Dictionary of Current English 2008).

Development in the human resources context according to Armstrong (1999, p.479) is concerned with "*providing learning and development opportunities, making training interventions and planning, conducting and evaluating training programs. It is essentially a strategic process which is concerned with meeting both business and individual needs.*" Based on the above, the overall purpose of employee development may be summarized in three main points: a) To ensure the firm meets current and future performance objectives; b) Continuous improvement of the performance of individuals and teams and c) Maximizing people's potential for growth and promotion. In sum, development as a term may not be as 'broad' as education, however has a wide sense since development implies time and is something that

may be achieved in the longer term. It is a term linked with “career” for many organizations and authors (Torrington and Hall, 2002).

2.4.3 Training

Training may be defined as the process of extending and improving the skills and knowledge of people so as to improve job performance (Collins, 2005). That definition suggests training as a concept related to employment or jobs. According to the same source, education develops those basic skills “such as writing and numeracy which form the bedrock for more specialized occupational skills” (Collins, 2005, p. 430). In more specific terms, training may be defined as a planned process to modify attitude, knowledge or skill behavior through learning experience to achieve performance in an activity or range of activities. Its’ purpose, in the work situation, is to develop the abilities of the individual and to satisfy the current and future manpower needs of the organization (Manpower services Commission, 1981, used in Armstrong, 1999). Training can take place at different levels, such as at corporate level, group and / or individual level. Compared to “development”, training is usually short term and more specific.

Training is part of a wider organizational framework, called “development” which, as most dictionaries would state is sometimes used to connote progression and advancement. The concept of training is addressed and undertaken to human resources of companies and has become more and more important in the past three decades, mainly due to the constant changes occurring in the external and internal environments of companies, triggering additional knowledge requirements. In order to cope with the constant changes in businesses worldwide, it is an option for

organizations to set up adequate training schemes that will add value to the company's services and / or products (Hansson, 2007 and Smith and Hayton, 1999). An organization that believes in its employees and conducts a more "human resources oriented" approach will most probably invest in training more than an organization that does not. This belief is based on the assumption that training will add value to the organization, motivate employees, assist in the management of change and help the organization overall in becoming a "learning" organization. The point is therefore, for the organization to believe that training will add value in terms of learning and control (i.e. in the sense of retaining employees) (Hansson, 2007 and Smith and Hayton, 1999).

2.4.4 Discussion – Education, training and development

An interesting aspect in defining education, training and development is their increasing relationship with competitiveness. They are considered and this argument will be further analysed, as crucial factors to developing a competitive advantage in today's highly competitive business environment (Beech et al, 2001). The human factor, in this thesis the personnel ranging from top management to line workers can, according to analysts related to the field, constitute the differentiating factor when trained and developed (Huselid et al, 1997; Sparrow et al, 1994; Strohn and Caligiuri, 1998; Hansson, 2007 and Tanova and Nadiri, 2005) and as a result, might assist an organization in gaining a competitive advantage. Bartlett and Ghoshal (2002), argue that the people of a company can be both motivated and assisted in their duties and responsibilities through training and development to create a competitive advantage.

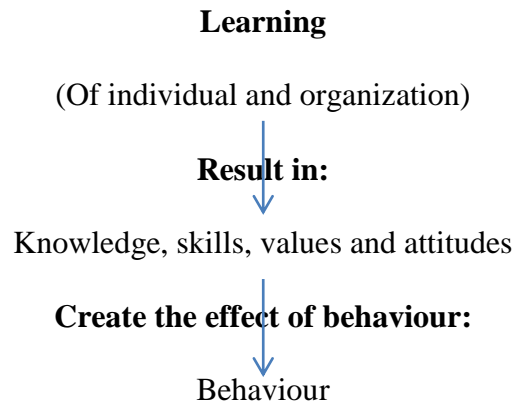
There seems to be a debate in the training and development literature in terms of providing a precise and a well-accepted definition by the majority of academics. There are closely related definitions as well as conflicting ones. First, there are those who view training and development as totally distinct concepts. Specifically that training and development are not related. For instance, Dowling et al (1999, p. 155) claim that *“training aims to improve current work skills and behavior, whereas development aims to increase abilities in relation to some future position or job, usually a managerial one.”* Van Wart et al (1993) also suggest that training is application driven and aims to impact skills that are useful immediately in particular situations. They argue that although general principles are introduced in training, discussion of them is limited because they are used to reinforce specific learning points. Training in their view, is generally completed in a shorter time than education and has more focused outcomes. Reynolds (2004) argues that some companies want to improve results and turn to a trainer to help them – rather optimistically - achieve these results. In contrast, development takes the approach that in order to achieve results one must help change behavior (a more long term approach). To do this a company needs to create the desire, equip the employees with new skills, overcome old habit patterns, allow them to practice, and apply them, and reinforce and coach them. In essence, to sum up quite effectively as Reid and Barrington argue (1999, p. 7), *“Education is for life, training is for work”*. This quote provides a rather interesting viewpoint. If training is for “work” only, this implies a “short term” characteristic compared to “education” and / or “development”. However, the “short term” characteristic of training does not imply “short results”. Training ensures employees can discharge their responsibilities effectively and can also assist towards evaluation of their performance and career.

In addition, Rodgers (1986) distinguishes training from terms such as learning. He defines training as having narrow goals, specifying the right way to do something. There are said to be three different stages of learning within an organization: individuals within an organization learn things; organizational learning – where the organization as an entity starts to develop ways in which it can learn lessons collectively; and the learning organization (LO) – where the central organizational goal is systematic learning (Keep and Rainbird, 1999). The specific authors suggest that organizations (in the UK) are moving towards a more ‘learning oriented’ character, mainly because of the increasing competition among companies and the constant changes that they are going through. Reeve, Cartwright and Edwards (2002, p.65) adds that *“In the global marketplace, organizations in developed countries can no longer compete solely or even mainly on the basis of price. Instead they must offer a range of customized, tailor made products and services. Competitive advantage comes from their ability to offer high quality personalized service. At the same time, change in product changes is massive and rapid...In the face of these changes, the only viable response it is argued, at least for organizations located in the developed world is to seek long term competitive advantage via the utilization of the skills and knowledge of their employees.”*

Learning may be considered as one of the outcomes of training. Bass and Vaughan (1966, in Armstrong, 1999) define learning as a relatively permanent change in behaviour that occurs as a result of practice or experience. The learning organization therefore, may be considered as an organization that facilitates the acquisition and sharing of knowledge, and the learning of all its members, in order continuously and strategically to transform itself in response to a rapidly changing and uncertain environment (see model of learning process below).

Figure 2.1

Stewart's Learning Process Component Model



Source: Stewart (1991)

This model suggests that learning involves changes in the individual and organization. This characterization of the learning process is expressed in terms of continuous and often unprompted shift in attitudes, abilities and behavior. Read and Kleiner (1996) make use of the learning theory as a foundation for planning the actual training process. They (Read and Kleiner, 1996) claim that most learning takes place when the individual does something that results in a reward or reinforcement for what has been done which has two serious implications. a) Active participation is essential, but learning is not taking place just because the information is provided to the trainee. One has to acquire it, by accomplishing a task or take notes in which process he/she must actively participate. b) People can learn more if learning is accompanied by some positive reinforcement, i.e. praise from the trainer, or reinforcement can take place when the trainee returns to his work where the new knowledge will be reflected in his job competencies (Read and Kleiner, 1996).

An article by Garvin (1993) suggests that learning organizations can be described as commonly engaging in five main activities, such as: systematic problem solving, experimentation with new approaches, learning from their own experience and past history, learning from the experiences and best practices of others, and transferring knowledge quickly and efficiently throughout the organization.

Employee development, and more specifically training, is essentially about making learning happen – any form of learning, although usually in the service of some work goal or goals. According to Reid and Barrington (1994), learning can and does occur naturally as a by – product of everyday experience, but random learning is somewhat unpredictable, slow in performance, and may even be counterproductive. Employee development usually involves ways of abandoning random learning routes in favor of more productive, planned routes (Reid and Barrington, 1994).

Essentially, what most authors suggest is that training appears to be a short-term solution or to put differently, an issue of ad hoc learning when the company needs results immediately. On the other hand, “development” has a long - term outlook. Specifically it is a long term plan that aims to achieve future but more permanent solutions that will impact the whole mind-set and attitude of all employees and managers who will be a part of it.

Longenecker and Fink (2005) add the creation of better ideas and new and improved skills to the long list of training and development benefits, and Bozionelos and Lusher (2002) argue that training is so effective and vital for any business organization as it boosts knowledge and competencies. It is not coincidental that there are those such as Reynolds (2004) and Osterman (1995) who strongly believe that training shapes the behaviour of the trainee thus enabling him / her to become a manager with solid qualities and capabilities. However, there is one clear point that

emerges after examining the various definitions that greatly emphasize positively what the individual (employee) gains. The advantages the organization providing the training achieves when those gains are realized are numerous. It should not be irrelevant to assume that positive effects of training and development, like new skills, knowledge, and competencies will not only assist the employees or the managers who went through this developing stage but also, the organization itself by having more capable players to assist the company gain competitive advantage (Teagarden and Van Glinow, 1997 and Boxall and Purcell, 2003).

There is more support to the assumption that training and development have a strong impact at the organization level (Huselid et al, 1997; Sparrow et al, 1994; Strohn and Caligiuri, 1998 and Hansson, 2007). More specifically, Cosh et al (1998) claim that training can and should be a powerful agent in facilitating a firm's expansion and the development of its capabilities, thus enhancing profitability. In the same way, Read and Kleiner (1996) indicate that training is important and essential for the firm as it can maximize the returns and become more competitive having greater work performance. In addition, training is suggested to increase effectiveness, managerial responsibility and overall state of alertness and competitiveness. (Branine, 1996) Belling et al, James and Ladkin (2004) view the increased company competitiveness as being due to the new acquired knowledge, skills and competencies training has provided to its' trainees-employees and Estiene (1997) and Strebler (1995) strongly believe that training is designed to establish a new mind-set and relational skills among all organizational relational skills among all organizational members bringing up as such the firm's human resources to a whole new level.

Empirical evidence however confirms both positive and negative or neutral outcomes of training interventions. Donovan et al (2001) after observing the

effectiveness of a number of training systems, they have concluded that the application of some of them – over others – makes the employees more energetic, motivated and supportive to each other and open to change but it also makes apparent that implementation of new learning on the job is not perceived to lead to positive outcomes for the individual and also that the trainees receive little managerial consultation either before or after training and they are not well briefed or prepared for training. Finally, employees do not associate improved performance with positive outcomes or reward although it may be noticed. In addition, and referring to existing empirical evidence literature of SMEs, it is proved that training appears to have somehow mixed and paradoxical results. For example, Roman (2002, p.1) argues that *“more training investment does not imply higher levels of customer-oriented selling. Yet, higher levels of sales-people performance and customer-oriented selling are observed when specific training methods and content are implemented.”*

Last but not least in this array of definitions stands the group that associates the idea of training and development as being linked with the concept of learning. Reid et al (2006) argues for the importance of development in the organization's growth, explaining its role is to enhance learning for individuals, groups and organizations in line with the company's business objectives. They stress that development is fundamentally concerned with learning and the creation of the proper circumstances to foster learning. To add to this, Koontz and Weihrich (1988) state that development refers to the progress a person makes in learning. The authors indicate also that in the case of a manager, it refers to how he/she properly and effectively learns to manage. Finally, development may also be defined as the growth of realization of a person's ability and potential through the provision of learning and educational experiences (Armstrong, 2003).

As the level of competitiveness increases in today's business global environment so does the need for the companies to use all the weapons at their disposal to survive and stay competitive. Products and services cannot easily have sustainable competitive advantage in terms of technology and quality, as almost anything can be imitated. One may simply consider banking services or industrial goods as prime examples of this imitation in the quest of competitive advantage.

Smith and Hayton (1999) suggest the reasons that drive an enterprise to incorporate training in their strategic management. These are: a) to improve performance; b) flexibility; c) adaptability; d) adoption of new work practices; e) utilization of more sophisticated HRM strategies; and f) to invest in new technology. An interesting point to note that contradicts the statement above that training may be the outcome of past appraisal performance is that by Hansson (2007) who argues that the decision of an organization to invest in training may not necessarily be associated with its' past performance, but rather, is determined as a consequence of a forward – looking investment. This assumption implies a more 'proactive' role. Longenecker and Fink (2005, p. 29) conclude that *“effective training requires knowledge, time, and discipline and is best achieved when managers at all levels and HR managers function in unison. Training must be planned and budgeted for all managers...and those involved in management training should be recognized and rewarded for their participation.”* The authors also outline the benefits of training as being the motivation of managers to improve their staff's performance, their exposure to new and possibly better ideas and practices, development of their skills, (if the training proves effective), stimulation, reflection, introspection and self-appraisal, and it may increase the manager's confidence and reduces and possible stress In contrast, the

negative consequences of poorly trained managers are greater difficulty in achieving good performance, loss of employee productivity, also the loss of teamwork / cooperation and in extent the result of communication breakdowns, as well as further loss of focus on customer needs and profitability and absenteeism and turnover problems (Longenecker and Fink, 2005).

Storey (2004) argues that management training in the UK and five other OECD (Organization for Economic Cooperation and Development) countries (Canada, Finland, Germany, Japan and the USA) in SMEs in particular appears to be very weak. The author believes this low presence to be the result of low awareness of both the SME owner / manager and of the market in general about the benefits of management training. Additionally, it is always as challenge for the organizations to discover and further develop the leadership needed for business growth and expansion. (Fegley, 2006 and Avolio, 2011) Kegan and Lahey (2009) argue that both organizations and individuals are highly reluctant to alter their behavioral patterns.

Managers need to feel that their contribution to an organization is vital and that this is recognized. Some HRM theorists such as Buchanan and Huczinski (1996) suggest that it is important for organizations to invest in its people as this investment may affect motivation levels of employees to increase. Motivation may be defined as the internal psychological process of initiating, energizing, directing and maintaining goal – directed behavior. (Buchanan and Huczinski, 1996) The motivational impact of training as noted by most analysts related to the field is manifest when staff feels a sense of recognition when sent on a training course, and after being trained they are motivated to acquire new skills, particularly when rewards follow the acquisition and use of skills (Buchanan and Huczinski, 1996).

Investment however needs to be made after careful consideration of the costs associated with training. The point is for the training to be cost effective as well, since not all businesses are willing to invest in their employees most probably due to cheap labor and constant labor turnover. One way to ensure that training is beneficial is to conduct evaluation of the training undertaken. Since training has a cost, as money is required the benefits need to outweigh the costs. One of the few ways to do this is through the process of evaluating the training. If evaluation is not undertaken and benefits are not pin pointed or appreciated, training may be seen as more of a cost than an investment.

2.5 HRM and training and development

Given that employees are part of organizations, it becomes somewhat evident that the individuals recruited and selected can play a positive and negative role in the performance of an organization. The department usually responsible for finding ways of attracting the right kind of talent for an organization, recruiting, selecting, appraising, training and usually developing (depending on a company's structure) is the Human Resources Department – HRM.

Human Resource Management (HRM) considers the integration of manpower planning into strategy, the development of human resources and encouraging commitment of employees to company goals. HRM has developed considerably in the past decades and has taken up a much more strategic role to operate in the increasingly demanding business environments around the world. Strategic HRM aims to provide a sense of direction in an often turbulent environment so that

organizational and business needs can be translated into coherent and practical policies and programmes (Armstrong, 1999).

Research conducted in 2006 by the CIPD - Chartered Institute for Personnel and Development - (<http://www.cipd.co.uk/>) suggests that new competitive models demand a different approach to the acquisition of knowledge and skills. Importantly the emphasis has shifted from training to learning and the role of professional development becomes learner rather than trainer-centred. This necessitates creating a different set of relationships with managers and employees across the organisation. Although the interventions must depend in the nature of the business, the role of the people development professional has become one of “Supporting, accelerating and directing learning interventions that meet organisational needs and are appropriate to the learner and the context” (<http://www.cipd.co.uk/>).

According to the same source, people developer is therefore to be preferred as a term to describe the job role. Furthermore, Sloman and Borsattino (2007) argue that training should no longer be seen as a discrete set of activities round a course or similar event. The activities required to bring about more effective learning must involve the wider human resource and management community; they do not just lie in the domain of the trainer. The job is no longer centered on what happens in the training-room – though off-the-job classroom training still has an important role to play. Instead the people development professional must address and overcome a series of inter-related organizational challenges and thus create a more effective learning culture. Therefore, it could be argued that the department in charge of human resources in any organization needs to integrate its own HR strategy with that of the business itself. Recruiting, selecting, training, developing, appraising among other

tasks need to be linked. In order to integrate an efficient HR strategy with the business strategy, it is vital to stress the goals of the organization and also to place an emphasis on the needs and wants of the individual, thus making training and development an essential ingredient. Torrington and Hall (1998) argue that the extent to which the personnel function is involved in both organizational and human resources strategy development is dependent on a range of factors, the most often quoted being whether the most senior HR person is a member of the board of directors. (Torrington and Hall, 1998) This way, it is much easier for HR to promote its departmental requirements, stress specific areas of interest and ask for support (for example) on training budgets. In essence, when HR senior members or specialists (possibly non - executive directors) participate in boards, HR requirements may be taken more into consideration and can also become more strategic due to the direct link between HR and business strategy. The strategic emphasis of HRM can be seen in a manner that considers how human resources fit into and are utilized in the organization, how human resources are to be managed and how the sub – components, such as selection, training and remuneration fit into a coherent whole. However, Guest (1999) does mention a problem associated with this strategic character of HRM. “It does not specify the strategic goals, emphasizing instead the strategic process and the troublesome concept of fit and it is still no different from what has always been advocated for personnel management in textbooks and elsewhere” (Guest, 1999, p.48).

A human resource management approach to strategy will take into account resource – based theory, which implies that sustainable competitive advantage sources from the resources that competitors cannot imitate and these resources primarily consist of human capital (Barney, 1991, through Armstrong, 1999). Strategic

management has to be concerned with identifying, acquiring, maintaining and developing this resource. According to the same author, HRM is resource centred, directed mainly at management needs for human resources (not necessarily employees) to be provided and deployed. Demand rather than supply is the focus of the activity. There is greater emphasis on planning, monitoring and control, rather than mediation (Barney, 1991, through Armstrong, 1999).

At the SMEs level though, the significance of HRM is not as demanding, with numerous companies not even having a department or even an HRM Manager. Past research clearly verifies that the multinational firms have developed their HRM departments and related strategies greatly, having realized the importance of doing so to stay competitive and spending a lot of money for that purpose. (Galanaki and Papalexandris, 2004; CRANET report, 1999) On the other hand, SMEs according to Tanova and Nadiri (2005), CRANET (1999), Gibb (1997) and Westhead and Storey (1997) verify the fact that they do not consider training as important and in many instances they do not seem convinced of the added value of training and development or HRM schemes.

An important factor for HRM success according to McMahan et al (1999, p. 101) is “linking the people of the firm (in terms of their skills and actions) to the strategic need.” One way to achieve this is via training and career development. (Huselid et al, 1997; Sparrow et al, 1994 and Stron and Caligiuri, 1998) Hansson (2007) argues that in a society that has become heavily dependent on knowledge and skills, a company- based training might have a serious positive impact to the overall investment in human capital. The importance of training has also been very well manifested by a great number of HRM analysts, like Boselie et al (2001), Bartel

(2000) and Hansson et al. (2004) But, what are the benefits of training and why do companies consider it?

Tanova and Nadiri (2005) lay out the advantageous effects training can have. First, it serves the organizational objectives. HRM has a plethora of other functions apart from training, one of them being the constant appraisal of the staff. Hansson, (2007) Therefore, after the appraisal stage is completed and any areas that need attention are identified, one way to deal with any weaknesses found or areas of improvement is training. Training may equip the employees with the required skills for completing their tasks, among HRM's other functions and provide the opportunities for all employees to share their experiences and help to better understand each other's attitudes. This can be seen through two models relating training to performance:

Figure 2.2
Performance Management Cycle

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Source: Beardwell and Holden (2001)

The above figure depicts where training and development stands within the wider performance management cycle.

In addition, the following basic training cycle clearly includes ‘evaluation’ as a major component:

Figure 2.3 Training basic cycle

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Source: Beardwell and Holden (2001)

2.6. Limitations of training

Given the previous parts of this literature review, training seems to be regarded as an activity that could be beneficial for an organization and something that the company should do to maintain its competitive advantage. It does however have limitations and these limitations are responsible for companies being reluctant to invest in training. Many organizations are reluctant to train because of poaching by other employees – their newly trained staff has skills which can be sold for more elsewhere. It is estimated that the costs associated with recruiting and training a new employee average between half and one and a half times the annual salary for the post in question, depending on the approach used (Torrington, Hall, and Taylor 2002). However, common practice of evaluation has been argued to apply an assumption of objectivity, with methods and timings being related to a number of factors, including

the nature of the development activity and the purpose being pursued by evaluation (Stewart, 1999).

However, companies may see training as a cost rather than an investment. This stems from the fact that training is a cost literally. The company is concerned with the added value to the business itself. Not only the employee. Labor turnover increases the problem stimulating companies to ask whether it is good for them to train people only to lose them. However, if this is the case with most companies of an industry, chances are that the company may recruit another “trained” employee from somewhere else that faced the same problem. This is a characteristic evident in Greece.

Furthermore, the constant and on – going changes on a global scale in almost every known business industry requires constant need to evaluate training needs and effectiveness and gain new, updated knowledge. The constant changes in technology, markets, products, tastes and all of the points noted above have created the need for individuals to continue ‘learning’ to keep up with the continuing challenges. This has created the need for Universities to offer additional courses, seminars and workshops for adults through various teaching methodologies. As Wong (2005) argues, the university reforms in recent years has brought about a greater convergence between traditional higher education and continuing education worldwide. In essence, degrees and courses in general will most probably have a shorter “life cycle”, thus making further study an important alternative. It should be noted that a number of professional qualifications have already made it mandatory for their members to collect continuing development credits as a requirement to keep their credentials and certifications. Such credits are collected from employment and training usually.

The concept of life - long learning and continuing professional development (CPD) has changed the way degree holders and professionals see education. The concept of continuing education is defined by Delore (1997) as one of the key ideas of the 21st century and the very education throughout life, as a key to the 21st century.

It is useful at this point to note that if training is not designed appropriately specific gaps that may exist within the organization, might result in training being ineffective and futile with the possible consequence to be blamed as not being that important and most likely would not be used again. Therefore, and considering the above parameter, Baumgarten (1992) suggests that a global manager must have context specific abilities, i.e. industry specific knowledge, cultural sensitivity, ability to handle his responsibilities and the necessary skills to develop the subordinates and to exhibit and demonstrate when needed.

Last but not least, is the issue of evaluation failure of training. As literature indicates (Lewis and Thornhill, 1994), many companies fail to evaluate training and its effectiveness with the end result of abandoning it eventually. Effective training must have value for the organization. Buckley and Caple (1990) stress its value to the whole organization by stating that is the process of attempting to assess the total value of training which includes the cost benefits and outcomes which benefiting the organization as well as the value of the improved performance of those who went through training. Lewis and Thornhill (1994, p. 26) lay down some of the reasons for failing to evaluate: and their relations to the overall organizational culture:

A) The Confounding Variables Effect. This is where it is extremely difficult to disentangle the effect of training from that of other stimuli with which trainees have come in contact. Campbell (1987) cites the example of the graduate trainee where, if more than a normal settling-in period elapses before she and her supervisor are

contacted after training, it becomes difficult to establish which learning has occurred as a result of the training and which as a consequence of normal on-the-job activity;

B) The Non-quantifiable Effect. The argument here is that the results of training are such that they are usually difficult to quantify (e.g. team building); or even if quantitative measures are attempted they may run up against the problem of confounding variables (e.g. were the better results in the sales division the effect of the sales training program or were they due to an upturn in the economy?);

C) The Trainer Sensitivity Effect. All trainers will recognize that evaluation suggest the ineffectiveness of training and even of the trainers, which implies for the future status of the function. How much easier it is not to evaluate, or to do so in such a way that produces results that show the training in a favorable light (Lewis and Thornhill, 1994, p. 26).

2.7 Human resource development

Human Resources Development (HRD) is a framework for the expansion of human capital within an organization through the development of both the organization and the individual to achieve performance improvement. (Swanson, 2001 and Kelly, 2001) Human Resource Development is the integrated use of training, organization, and career development efforts to improve individual and organizational effectiveness. HRD develops the key competencies that enable individuals in organizations to perform current and future jobs via a plethora of planned learning activities. (Abdullah, 2009) In addition, HRD is based on the beliefs that organizations are human-made entities that rely on human expertise in order to establish and achieve their goals and that HRD professionals are advocates of

individual and group, work processes and organizational integrity (Hassan, 2007). Organizations employ HRD in order to initiate and manage change. Furthermore, HRD links individual and organizational needs (Kelly, 2006). As stated earlier, HRD is a process that occurs within organizations and incorporates training and development for developing the human expertise on the purpose of improving individual and consequently organizational performance. It is imperative though for the organization to be capable to accommodate and absorb those capital advancements and this can be achieved by the subsequent development of the organization itself (Swanson, 2008). Typical HRD practices include: Executive and supervisory / management development, professional skills training, new employee orientation, customer service training, technical / job training, sales and marketing training, post-sales support training and health and safety training (Hassan, 2007 and Holton et al, 2011). According to DeGeus (1997) and Currie (1998) HRD can be linked with competitive advantage. Models of HRD which can boost competitiveness in the organizations can contribute to organizational and individual performances such as high performance, high quality of individual and organizational problem solving, higher organizational commitment and enhanced organizational retention (Sandberg, 2000, Robertson et al, 1991, Schroder, 1989 and Iles et al, 1990)/

Rao (2007) outlines the following roles of an HRD manager:

- Developing enabling capabilities in individuals and the system;
- Integrating the development of the people with organizational development;
- Maximizing the learning opportunities of individuals in organizations through various mechanisms, autonomy and responsibility;
- Decentralization, delegation and shared responsibility;
- Balancing change and adaptation;

- Building feedback and reinforcement mechanisms.

Rao (2007) concludes that HRD managers are expected to be involved with the creation of learning environment by employing HRD means. In that case, they are concerned with development rather than traditional personnel functions, thus differing from HRM managers in the tasks and responsibilities they deal with.

It is also, worth mentioning what Hassan (2007) argues that, the HRD roles are being reduced gradually to recruitment and retention roles essentially involving salary revisions, performance Appraisal and reward systems. There is very little effort made or time left for competency building, creation of learning environment and to aligning HRD with business strategies (Hassan, 2007).

Contrary though, Sambrook (2009) in a concept analysis about a relatively newly emerged term, the “Critical Human Resource Development” (CHRD), attempts to provide a clearer definition, examining also its’ potential consequences to what has been known to remain in a more theoretical stage with little empirical application in the actual study of HRD or in the workplace itself. The definition of the concept still remains a matter of debate, (Fenwick, 2005 and Sambrook, 2004) but, the interesting point about CHRD is the benefits / advantages it promises to yield which include, more democratic work production, improved (working - learning) relationships; more effective and relevant learning; enhanced transfer of learning; improved creativity and productivity; and an acceptance of alternative approaches to knowing. (Brookfield, 2001) In addition, Rigg (2005) argues that critical management learning can create critical managers, and Rigg and Trehan (1999) provide examples of other ways of seeing CHRD in practice, including questioning the HRD notion which suggests that all learning will result in increased organizational performance or profit, examining

power relations which influence how HRD is seen and accomplished, and creating alternative models that embrace workplace democracy and a socially conscious HRD. Sambrook (2009) also explains that “there may be both personal and organizational barriers to such an approach caused by dogma, fear, misunderstanding, and perceived threat of loss – of power, particularly”. The following table presents in brief the concept analysis of the CHRD:

Table 2.1

A concept analysis of a CHRD

This table has been removed

Source: Sambrook (2009)

2.8 Knowledge management and training in SMEs

Training is a means of adding skills and knowledge to the personnel on the short term, on a specific matter or task as explained earlier in the chapter while differentiating training from development. There is a big distinction on how big companies manage training and therefore the issue of knowledge in comparison to the SMEs (Desouza and Awazk, 2006). Knowledge management refers to the creation, circulation and overall manipulation of knowledge in any company. Training, depending on the company's management attitude –whether prioritized or not- can be a bigger or a smaller part of this cycle as it is capable to generate new knowledge to the staff adding value overall. Scarbrough et al (OECD, 2003) describe knowledge management as it is covering any intentional and systematic process of practice of acquiring, capturing, sharing and using productive knowledge to enhance learning and performance in organizations. Bozburd (2007) makes direct reference to the aspect of training in his four dimensional model explaining knowledge management and what it offers and how it affects the organization. Below, the four dimensions and their important items are presented:

- 1) Training and mentoring the staff:
 - Providing formal training;
 - Providing informal training;
 - Encourage and even fund the staff to continue their education;
 - Using formal mentoring practices;
 - Learning from others within the company;
 - Succession training programs

2) Policies and strategies:

- Implementation of new ideas;
- Support the development of ideas;
- Easy access to information;
- R and D investment;
- Technology investment;
- Updating the database

3) Knowledge capturing and acquisition from outside:

- Using knowledge obtained from other industry sources;
- Use knowledge obtained from public research institutes;
- Dedicate resources to obtain external knowledge;
- Taking professional support and hire external consultants to work with the company's workforce in order to learn more

4) Organizational culture:

- Experienced managers and workers who transfer their knowledge to less experienced ones;
- Team working is encouraged;
- Have an environment that promotes the free expression and the development of new ideas

The above model indicates how knowledge can be emerged and transferred inter-organizationally so all members of staff and managers alike, can gain out of it and enhance their individual performance as well as the company's financial results (Becker et al, 2001, OECD, 2003, Bozburd, 2007 and Bontis, 2000).

Another important model that deals with the knowledge management issue in the organizations is the "the knowledge creating cycle" that have been created and

further developed by Nokaka (1991 and 1994), Nokaka and Takeuchi (1995), and Nokaka and Toyama (2003). The cycle is comprised by four activities:

1. Socialization which support the mobilization of tacit knowledge between the individuals;
2. Externalization which is the application of tacit insights on an outside entity (i.e. work);
3. Combination which is the act of synthesizing explicit pieces of knowledge;
4. Internalization which is the process whereby one increases his knowledge by learning from external events

This model / cycle of knowledge creation has been criticized though that is more suitable at explaining the case of the larger companies rather than the SMEs according to Desouza and Evaristo (2003), Awazk and Desouza (2004), and Desouza (2003). Desouza and Awazk (2006) strongly argue that SMEs appear to have a number of peculiarities that distinguish them from the other companies of larger size. For instance, they state that in SMEs, socialization is the dominant activity. SMEs have limited resources and rather big “memories”. The organizational memory as they explain represents the expertise, the experience, and the actual knowledge of the owner-manager. They further argue that internalization of knowledge occurs via the socialization of the employees with the owner-manager. Therefore they conclude that the owner impacts his staff’s knowledge through a sort of an apprentice mode (Desouza and Awazk, 2006). The same authors in their research sample of a number of US SMEs have reached to the conclusion that the companies investigated have deep and extended levels of common knowledge that is a form of shared context for interpretation and communication (Sound communication inter-organizational channels is also highlighted by Bozburd, 2007, as being of significance in any

company regardless of size). An inherent benefit of having high levels of common knowledge is the acceleration of the transferring of knowledge inside the company (Desouza and Awazk, 2006). Further describing the peculiarities of the SMEs, Dsouza and Awazk (2006) add that all parameters surrounding knowledge such as its creation, its transferability and its applicability is performed and achieved through people based mechanisms. That means face to face meetings, on the work observations, and apprentice like training methods. They argue that technology is never used as a means to manage knowledge. The knowledge generated in the MSEs is out immediately and put into practice rather than stored in some obscure technological artifact (i.e. database). Therefore, SMEs appear to be highly people centered instead of technology.

Wee and Chua (2013) also support the notion that in SMEs the owner is the prime source of knowledge rather than the employees. In their research in Singapore they have found out the same result as Desouza and Awazk (2006) have identified in the US to that respect. In addition, they (Wee and Chua, 2013) have discovered that in the Singapore SMEs the creation of knowledge takes the form of innovative, customized solutions to meet any arising customer needs. Furthermore, the issue of knowledge sharing within the companies is covered by cross functionality and departmental cooperation which aims to overlap any holes and which is facilitated by close proximity in open workplaces. The latter according to Witcell (2003) is of benefit as he believes that in companies where the employees collaborate and discuss the practices of “know how” and “know what”, the organization stays competitive and alert.

Coyte et al (2012) provide their research contribution to the theme by stating that in Australian SMEs, an overriding management/ownership is the dominant

authority and the biggest influential driver of the way the company is run and handles knowledge. They also highlight the informal methods the management decides to proceed with the overall organization structure, the tasks coordination and the controlling of the businesses (Coyte et al, 2012). Other researchers also confirm on the Australian case, the existence of informal, intensive dialogue based processes, centered to the owner-manager that appear to be the primary philosophy underpinning the SMEs (Danila, 2005). The handling of knowledge management occurs also via informal ways (Nunes et al, 2006) something which is not unknown in the international literature when it comes to the SMEs practices and the high levels of informality that usually showcase (Hutchison and Quintas, 2008). McAdam and Reid (2001) furthermore, add that as in the case of Singapore, the strategy tend to focus mainly on the market and the customer needs rather than be the outcome of a planned, long term strategic scheme for overall development.

In the UK, Hudson et al (2001), recognize that central points in the SMEs can be summarized as follows:

1. Personalized management with high concentrations of power;
2. Severe resource limitations in management manpower and finance;
3. Re-active/ ad-hoc mentality;
4. Informal strategic processes

Apparently, the UK SMEs do not represent a case of different practices and mentality in many managerial and organizational structure aspects with the cases from rest of the world that are presented so far in this chapter. To further reinforce this statement, more researchers contribute their work after investigating several UK SMEs. For instance, Taylor et al (2004) argue that SMEs in the UK follow an ad-hoc, opportunistic mentality with informal processes. For example, when it comes to the

issue of training, only a short induction is taking place where the trainee mostly learns by watching what others do in the workplace. Sometimes the guidance is entirely non-existent. The management on the other hand feels though that this is the most appropriate way of introducing a new employee into his duties and they also regard it as formal method of training. However, the trainees who passed this stage don't share the same feelings of appropriateness and completeness towards this kind of training. The employees also complain about the complete absence of formal training that leaves them without any certified / recognized diploma proving that they have actually went through some training and that they poses a level of adequate knowledge on an area or areas of their work. Such diplomas they argue could have assisted them in order to forward their careers (Taylor et al, 2004).

Wilson and Homan (2004) also additionally re-confirm in their research that in the UK SMEs formal management training and development is not prioritized as the SMEs managers don't have a clear link between that and a better organizational performance (low trust towards training benefits). They feel that their SMEs prefer short-term, on the job training (i.e. coaching) and they are primarily re-active, meaning that any action taken is exclusively dependent upon the arising job-opportunity, or a possible market challenge. Wilson and Homan (2004) suggest that the greatest influential factor that shapes the philosophy of the SMEs in the sample is the owner-manager and his experience, education and subsequently attitude towards the various organizational issues / tasks and of course training and development.

2.9 Competitive advantage through training and development

According to Porter (1985), competitive advantage is achieved by creating “value”, a differentiation in the product or service an organization provides. This must be clearly identified by consumers. Competitive strategy, according to Bartlett and Ghosal (2002) must be built on “a human-resource foundation”, indicating the growing importance of personnel and HRM management in organizations.

The term competitive advantage refers to the differentiating quality among companies in a specific market. Henry et al (2002) argue that competitive success achieved through people has to do with creating and building a workforce that cannot be readily duplicated. It is through training and development that this competitive advantage can be achieved. Wright et al (1994) have examined the implications that arise from developing personnel as a source of sustained competitive development and also state the importance of HR practices and management in achieving this.

According to Pfeffer (2005), people are becoming more important because many other sources of competitive success are less powerful. As mentioned earlier, mainly due to globalization and the limitation of protected or regulated markets, a significant number of companies are investing on “differentiation” through highly skilled personnel. This means that companies feel that human resources can play the role of the ‘differentiating factor’ of the organization. Humans can also become the source of competitive advantage as could technology or a ‘product’ itself or a service. Sparrow et al (1994), also stress the need of companies to create competitive advantage from factors other than for example, capital or technology. A basic factor is managing human resources. Bartlett and Ghosal (2002), argue that a company’s

scarce resource is knowledgeable people, thus supporting the need for planning a competitive strategy that is based on skilled and efficient personnel. Peddler (2004), states that training and development, specifically the “transfer of knowledge” improves organizational performance and effectiveness.

Pfeffer (2005) argues that management’s decisions regarding the role of the personnel department in achieving a competitive advantage should be radical. According to this theory, competitive success involves fundamentally altering how the workforce and employment relations are looked upon. Pfeffer (2005) also supports that the companies who apply this, outmaneuver and outperform their rivals. The level of personnel training can be a significant factor in differentiating the company among its competitors in competitive markets. They have identified three tasks that “align the strategic challenge” of developing personnel, in order to achieve “sustainable competitive advantage”. Among those, emphasis is given on “bonding”, which apart from training, creates a “sense of identity and belonging.”

Companies need to constantly train in order to maintain and / or achieve competitive advantage. This way, the company becomes adaptable and is able to cope with the constant changes in the environment; Adaptability and coping with changes assists to learning and towards achieving competitive advantage. When the outcome of training leads to greater competency in the execution of tasks by subordinates, this relieves the manager from tasks related to remedial or corrective effort (McKenna and Beech, 1995).

Dowling et al (1999) state that companies tend to underestimate the complex nature of HRM problems which appear in business conducted internationally, i.e. local culture unique characteristics, legal issues-due to different law systems from country to country - traditions, even factors such as language and religion.

Bartlett and Ghosal (2002) mention a few examples of multinational corporations that have embraced training and focus to an enormous extent on training their personnel. McKinsey, the consulting firm, places special emphasis on its personnel and on “demonstrating commitment to their development”. This is a clear indication that the specific company (as well as all consulting firms, due to the nature of their work) understands the importance of training and development as factors of competitive advantage.

Every small and medium enterprise has to find a means to over-run its competitors if it is to become an important “player” in the market it operates. Reaching and attaining competitive advantage means the company is capable to perform at a higher level than its competitors and therefore becomes the preferred provider of goods services to potential clients. Competitive advantage for instance can be, creating a lower cost product, or the company differentiates itself from its rivals in some way, so customers see the SME as a different and better one.

There is a plethora of ways to develop a competitive edge, like being more innovative, forming better relationships with the customers, and building a strong market reputation. Competitive advantage can also come via producing goods at lower cost or higher quality -or even both- developing a great service. The location of the business can also give the company an advantage, as well as the type, location and visibility of an advertising campaign - marketing. The technology employed and used by the SME is also vital in the pursuit of an edge. Finally, competitive advantage can be achieved by ensuring that the staff is trained adequately to maximize customer satisfaction and meet the corporate goals.

When it comes to the aspect of training, it is true that according to the literature -presented in section 2.8- there is a distinction between the so called formal and the informal mode. SMEs showcase a much higher degree of informal training which is considered cheaper and immediate at the results it can produce in comparison to the formal and organized training and development approach which aims at more permanent but long term results. Whatever the mode of training used in a company and particularly on the SME level, training the staff / managers holds the potential to deliver the positive aspects, which -if manipulated well- can lead to an advantage over the other market competitors.

2.10 Summary

This chapter attempted to shed light to the main points raised concerning the main terms examined in the thesis providing definitions, in-depth descriptions and analysis of the terms *training*, *development*, *HRM*, as well as *education and learning* within various contexts (i.e. their differences, their relationship, their position within organizations and their role in finding ways of gaining competitive advantage).

Training usually refers to some kind of organized event such as a seminar, a workshop that has a specific beginning data and end date. It is often a group activity, but the word training is also used to refer to specific instruction done one on one. It is ad hoc usually but definitely contributes to knowledge and education in a wider sense.

Employee development is a much wider term. Employee development is a system of providing opportunities for employees to reach their full potential through improving their skills, knowledge and other attributes and to become of greater value for the organization. Normally it incorporates new hire orientation, training, career management , and management development. In other words employee development is a broader term that includes training as one, and only one of its methods for encouraging employee learning.

All terms examined assist the individual and the organization as well in different ways and could provide the basis for competitive advantage if organized successfully and built based on objectives and goals. Furthermore, the analysis of the terms, provide a framework for understanding the findings of this study in terms of what the SMEs are actually employing. Are they training their employees? Is training part of a wider development plan? Is learning shared? These and other important questions require a solid understanding of the terms.

On the grounds of researching the issue of management training as a source of competitive advantage in the Greek financial services SMEs, this study focuses on the area of HRM, that embraces a vast variety of organizational activities with regards to developing human resources, and exclusively focuses in one of those activities in particular – the training. It attempts to identify whether the SMEs management staff of the sample implements such activities and to what degree and types of training are employed in order to eventually conclude if any sort of competitive advantage is evident.

At each stage of the research study, multiple variables and parameters are examined and considered such as what are the motives of the organizations behind the

approach used, the strategic rational of employing or not employing training, the drivers that led the companies into deciding to engage extensively or limit the level of training engaged, the reasons for selecting these training methods and types and the degree of satisfaction, considering the end-results, from both the decision makers and the management trainees.

CHAPTER 3

3. Introduction

This chapter presents and explains the research methodology that is employed to investigate the question “Can management training be a source of competitive advantage for Greek SMEs in the stock exchange sector?” It covers the ontological and epistemological dimension of the project, and then explains why the qualitative methodology was selected as the most suitable. In the section entitled “research design”, aspects such as primary data collection process as well as the data analysis method and the justification / reasoning of why the particular research topic has been selected are presented. Finally, the chapter also deals with issues such as research limitations, ethics, credibility and dependability of the study.

3.1 Research aim and questions

The overall aim of the project is to question whether and how management training can become a source of competitive advantage for the Greek SMEs in the stock exchange / market sector. Specifically, it attempts to:

- 1. To identify the contribution of management training to organizational competitive advantage;*

2. *Investigate the current status, uptake and perceived impact of management training in Greek SMEs in the stock exchange industry;*
3. *Examine and evaluate the effect of policies (i.e. EU, government etc.) concerning training & development in Greek SMEs in the stock exchange sector in terms of its impact on competitiveness.*

3.2 Ontology

Hill and Wright (2001) highlight two key assumptions as the major components of any research study, that of ontology and the epistemology. Ontology in general terms implies how people view and understand reality as peoples' appreciation of the world might differ. Remenyi et al, (1998) describe ontology as being concerned with reality and being. Deciding whether or not the object of investigation is the product of consciousness or whether it exists independently has a bearing on the research approach, the methods, the tools and the tactics employed. In order to consider the ontological assumption, it is highly crucial to examine first how people view the world and to realize what they regard as reality in the context and environment of the SMEs under investigation in this project. Hill and Wright (2001) insist upon the fact that each individual evaluates and understands issues in a different way. They further suggest that the only reality is the one constructed by the individuals involved in any research situation and Creswell (1994) adds that multiple realities exist. Therefore, within this context, the particular research carries more than one reality, i.e. the researcher's, the subject's, and the reader's reality.

Along with the approach used by Hill and Wright (2001), the proposed ontology for this study is constructivism. Schwandt (1994, P. 118) suggest that *“Proponents of these persuasions share the goal of understanding the complex world of lived experience from the point of view of those who live it”*. Social constructivists (e.g. Berger and Luckmann, 1967) suggest that it is through the social process that reality takes on meaning and that our lives are formed and reformed through the dialectical process of socialization. Furthermore, Guba and Lincoln (1994, p. 113) suggest that *“knowledge consists of those constructions about which there is a relative consensus among those competent to interpret the substance of the construction. Multiple ‘knowledges’ can coexist when equally competent interpreters disagree”*. Crotty (1998, p.42) defined constructivism from the social perspectives as *“the view that all knowledge, and therefore all meaningful reality as such, is contingent upon human practices, being constructed in and out of interaction between human beings and their world, and developed and transmitted within an essentially social context”*.

According to Schwandt (1994), constructivism is synonymous with interpretivism. Learners build their own personal interpretation of the world based on experiences and interactions, i.e. in the case of a (qualitative) research project this interaction occurs during the data collection stage between the researcher and the subjects. Knowledge is embedded in the context in which it is used (authentic tasks in meaningful realistic settings) and the meanings are imposed by the individuals rather than simply existing in the world independently. Interpretive researchers believe that reality is in the minds of people, it is essentially experienced and constructed through social interaction and interpretation. In other words, reality is not objective, but rather it is what people see it to be – it is subjective (Hughes, 1990). Eisner (1985), states that in the qualitative inquiry, it is important for the researcher to recognize the

individuality, personality and attributes of the individuals involved in the research process. Speaking of individuality, it is important to note that, the constructivism ontological approach embraces the concept of multiple realities and accepts that each individual – in that case, managers involved in decision making about training and managers who have undertaken training (as explained in the project sampling section later) – “*constructs his own reality according to how he interprets the world...therefore, the researcher must represent or reconstruct the world as seen by others*” (Hill and Wright, 2001, p.435).

3.2.1 Epistemology

Epistemology among other characteristics refers to the relationship between the researcher and the research subjects (Hill and Wright, 2001). Remenyi et al, (1998, p.103) within the same context suggest that, “*epistemology is concerned with our grounds for knowledge and this will be dependent on the research design and the types of evidence we collect.*” To put it differently, epistemology is concerned with the methods we use for getting to know the things we know. Epistemology’s central methodological paradigms are positivism and phenomenology which also need to be explained at this point. Hines (1998, p.7) argues that “*Researchers often take two diametrically opposing philosophical stances (positivism and phenomenology) and they may be regarded as two poles on a methodological continuum.*” For the purposes of this project, and in the context of discussing the particular research approach that has been chosen for it, both philosophical stances are considered.

Positivism which begins with aims appears usually in the form of a hypothesis. In addition, a quantitative method is usually adopted for reaching these research aims. The data is usually gathered or generated through means of a survey, an experiment or observation and the conclusion is drawn that verifies or rejects the hypothesis. It is through deductive rationale that results derive. The researcher is external to the events being examined and thus argued to be more objective. There is also the phenomenology which on the other hand accepts that the world in which we live in is socially constructed (Berger and Luckman, 1967). In phenomenology, observations are highly subjective and the observer is a part of what is being researched meaning that the researcher's role is a very active one as he/she closely interacts with the research participants throughout the actual process of data collection. Research relies upon the understanding of the meaning and the context of things. Ideas evolve via inductive reasoning, (Hines, 1998) and contrary to positivism, it uses mainly qualitative approaches or methods, although, Creswell and Miller (1997) argue that phenomenology could also employ mixed or integrated methods for researching using both quantitative and qualitative methodologies for answering the research questions. Easterby-Smith et al, (1994) add that the task of social scientists is to appreciate different constructions and meanings that people place upon their experience. Easterby-Smith et al, (1994) lay out the main characteristics of positivism and phenomenology differentiating one from another:

Table 3.1 - The Positivism paradigm & The Phenomenology paradigm:

The Positivism paradigm:

<i>Basic Beliefs</i>	<i>Research should</i>	<i>Preferred methods include</i>
The world is external and objective;	Focus on facts	Operationalizing concepts so they can be measured;
Science is value free;	Look for causality and fundamental laws;	Use large samples
The observer is independent;	Reduce phenomenon to simplest elements; Formulate hypotheses and test them – deductive	

The Phenomenology paradigm:

<i>Basic Beliefs</i>	<i>Research should</i>	<i>Preferred methods include</i>
The world is socially constructed and subjective;	Focus on meanings and try to understand what is happening;	Using multiple methods to establish different views on phenomenon;
Science is driven by the human interests;	Look at the totality of each situation;	Use small samples;

The observer is part of what is being observed;	Develop ideas through induction from data	Investigate in depth or over time

Source: Easterby-Smith et al (1994)

3.2.2 Qualitative methodology

It is possible to have different understandings and viewpoints on the nature of the social world and the reality of a social phenomenon (Burrell and Morgan, 1979). Social researchers need to consider the reality under investigation which is “*external to the investigation – imposing itself on individual consciousness from without - the product of an objective nature, or the product of individual cognition; whether reality is a given out there in the world or a product of our own mind*” (Burrell and Morgan, 1979, p. 1). In the attempt to resolve this ontological issue, the basis has been provided for social scientists by distinguishing between two major research approaches, the quantitative and the qualitative (Brooks, 1998). Denzin and Lincoln (1994) argue that the qualitative approach focuses on processes and meanings that can’t be rigorously measured in terms of quantity, amount, frequency or intensity. In qualitative research the examiner investigates the socially constructed nature of reality and it is about the close relationship of the researcher and what is studied which according to Denzin and Lincoln (1994) sometimes reaches the extreme levels of becoming relatively “intimate”. On the contrary, the quantitative approach

emphasizes the measurement and analysis of causal relationships among variable, not processes or meanings (Denzin and Lincoln, 1994). Qualitative researchers use inductive setting / rationale for generating methodologies as opposed to deductive, hypothesis testing methodologies that are used in research projects of quantitative nature.

Selecting the most appropriate research methodology for best investigating a given topic is of crucial importance. The philosophical stance that is employed falls into the phenomenology category and engages the qualitative research methodology. Qualitative methodology also examines the feelings and attitudes of the people being questioned. Thus, it provides great insights and details of how the subject defines values and comprehends reality. This is achieved in the subject's own words (Jones, 1985). Although it is in most cases true that quantitative research can provide an objective framework for data analysis, vast sampling and statistical evidence and necessary verifications for a study, *"it has been criticized for only scratching the surface of people's attitudes and feelings where the complexity of the human soul is lost through the counting of numbers"* (Wright and Crimp, 2000, p.444). This statement reinforces why a qualitative approach is considered more appropriate for this study. Qualitative research also provides the advantage of offering a systematic and empirical strategy for getting the questions answered by people in their own original context / environment. Under such circumstances, the subjects in question articulate their own experiences and establishing their own sense of reality (Locke et al., 1993 cited in Eldabi et al, 2002).

Hill and Wright (2001) suggest that in order to investigate relatively small social networks such as the SMEs, (where people work together with common goals and direct communication and cooperation between them), the epistemological

framework which fits best implies that the researcher has to actually enter and try to understand the organization and its environment closely by interacting with the subjects, minimizing as such the distance between them. When the researcher manages to significantly decrease the space between him / her and the subjects, the researcher gains the advantage of absorbing a great deal of extra supplementary information by going off schedule when needed, depending on the pace and the progress of the answers provided by the subjects, extending as such the time spent in the context of the appropriate primary data collection mode which has been chosen. Rapport with participants has to be established, it is not a given in semi-structured nor is it a unique requirement in them.

3.3 Research design

The research is divided into two major stages. Each stage consists of a separate field work -first done in 2010-2011 and second in 2014. Both primary researches are organized and undertaken under the same philosophical research stance. They are both underpinned by social constructivism (ontology) and phenomenology / qualitative rational methodologically (epistemology). The data collection and the analysis of the results are completed with the same practices - approach described in the sections below. Additionally, the sample of the project, in both field works, have the two groups of interviewees / subjects where one group is consisted by HR decision makers and the other is made by managers who have been through training but have no say on the HRM matters of the company. The organizations of the project in the field works are from the same industry –financial services- and belong in the

group of companies with small and medium size and budget (SMEs). The reason the projects consists of two separate field works is for having the first major research with a larger sample (four SMEs) taking place illuminating all the important and necessary elements for constructing some theoretical model and then engaging with a second / follow up field work three years later -as in the case of this project- in order to verify whether the theory derived from that primary data is still applicable and also to examine the appropriateness of the model whether this can explain adequately the reality, the practices and the mentality of the Greek financial services SMEs regarding the matter of training and its' potential links with competitive advantage. The first field work (2010-2011) has four SMEs under investigation and the second in 2014 has two SMEs that have also appeared in the initial research sample of 2010-2011.

3.3.1 Topic selection

The title of the research project is “Management training as a source of competitive advantage in the financial services SMEs in Greece”. It is suggested that although training in large multinational companies (Galanaki and Papalexandris, 2004 and Papalexandris and Chalikias, 2002) or training in small and medium sized enterprises (SMEs) in Europe and the United States have been well investigated in the past (CRANET report, 1999; Tanova and Nadiri, 2005; Gibb, 1997 and Westhead and Storey 1997), limited academic research has been available for the Greek market where SMEs constitute the greatest percentage of the businesses. This is an interesting fact since the EU as well as the Greek government seem to both recognize their importance for the economy and have they provided a number of incentives in the

form of funding for additional training (Moussis, 2002; Roney, 2000 and http://ec.europa.eu/enterprise/newsroom/cf/itemdetail.cfm?item_id=5778). Thus, it is argued that it would be fruitful to investigate the management thinking which underpins the HRM headquarters in the SMEs operating in Greece towards training as well as the actual practices that are being used.

Finally, as Bartlett and Ghosal (2002), Henry et al (2002) and Wright et al (1994) suggest, training is used as a tool for competitive advantage while Longenecker and Flak (2005) also suggest that Management training includes exposure to new ideas and motivation of managers to improve performance; therefore, it would be interesting to find out whether training plays any significant role when it comes to support, motivation and potentially increase of the competitiveness of the SMEs.

3.3.2 Sector selection

The research examines a sample of SMEs operating in the Athens stock market. It should be argued at this point that the definition of SMEs according to the Greek legislation is different in terms of size than the one provided by the European Union. Thus, the maximum or minimum number of employees and / or annual net income and budget are set at lower figures in order to be in accordance with the Greek market size / strength, which is considered relatively small in comparison to other European markets. In this case, particularly smaller but still falling in the SMEs category according to Greek law, businesses do enjoy the benefits provided by the Greek government and the EU in the form of various “friendly” policies, regulations and

even direct funds for the SMEs support. Small companies that are not defined as SMEs in Greece are not to be found in the stock market sector, as this area appears to be extremely competitive for such enterprises.

The SMEs which have been chosen to be investigated in both field works operate in the financial services sector. There are three major reasons for selecting this specific industry. First, this industry is considered of very significant value to the Greek economy and has witnessed tremendous economic growth since the late 90s and early 2000 when the Greek stock market had its most productive years. However, several political scandals directly involved with the stock market sparked its decline especially after the Athens Olympic games of 2004 which in conjunction with the global economic market crisis from 2008 onwards diminished local and foreign investor interest. That led a great number of SMEs to downsize while a significant percentage of SMEs had to declare bankruptcy.

The second reason for choosing the specific industry is that the financial services sector operates through the oversight of a compulsory regulatory body, the securities commission, which obliges all companies that operate in this market to have each new employee, no matter their role in the company, to undergo the securities commission exam. This exam sets the fundamentals (knowledge areas and basic skills required for the market) for all new professionals, thus creating a benchmark through certification. Therefore for the purpose of the study it is interesting to examine what the companies do additionally in terms of training, how they prepare for the exam itself, if they actually build on these skills and knowledge areas and if there is an organized framework that aims to gain competitive advantage.

Finally, this industry was chosen due to the personal connections of the researcher with professionals operating in the industry.

3.3.3 Data collection

The raw data in the two researches which took place for the purpose of this project were collected via semi structured open ended questions in an attempt to gather as much information from the subjects by adding follow up questions when the researcher felt necessary or needed. In the semi structured interview, the researcher had a very specific topic to investigate. The topic was broken down into categories or “parts” and lists of related questions for each part can be formed that when answered will cover the topic under research. According to Bryman (2005) the interviewee has a great deal of leeway in how to reply, and that is a great advantage the semi structured interview technique offers. Questions may not follow exactly the order which appears in the schedule guide. Questions that are not included in the guide may be asked as they follow – up on things said by the interviewees. However, all of the questions are asked and a similar wording is used from interviewee to interviewee. The semi structured interview is very flexible. Also, the focal point must be placed upon how the interviewees define and realize issues and events. For instance, as Bryman (2005) argues, the important point is to determine what the interviewees regard as important when explaining events, patterns, and behaviors. Lastly it should be noted that although in the semi – structured interviews there is a starting point, (i.e. a first or in other words a “starting interview question”), where the question is usually an open-ended one meaning it cannot usually be answered by a simple yes or no (as in the case of quantitative research closed questions) but rather by a full and in depth answer provided which can be used as a stepping stone for building up a further

conversation with the interviewees on the spot, always in relation to the previous response. However, these “starting interview questions” are roughly the same to all interviewees while not necessarily expressed in similar wording to all the participants in question.

Summing up the strengths of the semi structured interviews these are: the positive rapport between interviewer and interviewee. Semi structured interviews are a very simple, efficient and practical way of getting data about things that can't be easily observed (feelings and emotions, for example). They offer validity, as people are able to talk about something in detail and depth. The meaning behind an action may be revealed as the interviewees are able to speak with little direction from the interviewer; the complex questions and issues which can be discussed / clarified. The interviewer can probe areas suggested by the respondent's answers, picking - up information that had either not occurred to the interviewer or of which the interviewer had no prior knowledge, also the pre - Judgment ability; and the problem of researcher pre - determining what will or will not be discussed in the interview can be resolved with that type of interviewing. With few "pre-set questions" involved, the interviewer is not "pre-judging" what is and is not important information. Finally, interviews are easy to record via the use of videos and / or audio tapes.

With regards to the weaknesses of the semi – structures interviews, these are: the skill set element as the interviews depend on the skill of the interviewer (the ability to think of questions during the interview, for example) and the articulacy of the respondent; the signals. The interviewer may give out unconscious signals / cues that guide respondent to give answers expected by interviewer. Also, it is time consuming as it requires a considerable amount of time to cover all the subjects which will be interviewed. It is also not very reliable – it is actually quite difficult to exactly

repeat a focused interview. Respondents may be asked different questions (non-standardized). Samples tend to be small; the depth of qualitative information that may be difficult to analyze (for example, deciding what is and is not relevant). The personal nature of an interview may make findings difficult to generalize (since respondents may effectively be answering different questions). Finally, there may also be a gap in validity. The researcher has no real way of knowing if the respondent is lying. (<http://www.sociology.org.uk/methfi.pdf>) – Evidence on how this project will reach validity is presented in the later sections 3.5 and 3.5.1 of this chapter.

Considering this study's interviews structure, there are two broad categories of interviewees appeared in both field works (2010-2011 and 2014) of the research and who are considered to be the most appropriate to look upon for the interests of this research: HR managers / line managers (those responsible for identifying training needs and allocating funding for training), and managers who have followed training. Both categories are involved in training, either by taking decisions about it – thus they can offer valuable information on why they made certain decisions on T & D and how they value it - or by having gone through the process, explaining first hand if and how they have been affected and what advantages, if any, this provided to the firm, i.e. in the sense of competitiveness. The rationale for having the same categorization of the research subjects in both field works was for shedding enough light in the differences and the similarities of the groups' interpretation around the subject in the follow up as it was obtained in the initial primary data collection so there was a common basis for the analyses to be processed.

At this point, it should be highlighted that although a number of the same questions are imposed to both research subjects sub-groups (Group A: HR managers / line managers, those responsible for identifying training needs and allocating funding

for training; and Group B: managers who have undertaken training), there are some extra questions added in the list of each group, related to that groups' connection with the issue of training, i.e. training decision makers or training candidates. The following are the questions imposed to the subjects on the first field work which took place in 2010-2011 during the interviews, with a number of supplementary questions when the flow of the conversation allowed:

- **Field work performed in 2010-2011**

For Group A:

1. *Does the SME you are currently working for provide management training and why?*
2. *(In case the answer on the previous question is positive the next one will be added) What are the reasons which led the organization on deciding to engage management training?*
3. *(In case the answer on the first question is negative then the next will be added in the place of the previous one) What are the reasons that led the organization to not engage in management training?*
4. *What types of management training have been used in the firm the last three years?*
5. *Has management training affected / benefited the trainees in the company?
How are you aware of this?*

6. *Does the company make use of the policies / regulations which the Greek government and the EU have introduced for assisting the SMEs to engage in training and development (T & D)? (And if yes, then) How have these laws affected training?*
7. *Has any manager ever, within a short period of time upon completing his training in the company, decided to move to another one? (If yes) What were the implications in relation to the firm's willingness to pursue and invest in management training again?*
8. *Does training evaluation take place? (And If yes) What methods of evaluation are being used?*
9. *(If the answer on the above question confirms that evaluation does take place, then this question will be added) What role does training evaluation play when it comes for the company managers to decide on using training again?*
10. *In your opinion, what are the advantages and disadvantages management training has on the company?*

For Group B:

1. *Does the SME you are currently working for provide management training and why?*
2. *What types of management training have you gone through in this firm?*
3. *Do you believe management training has affected you and in what sense?*

4. *How would you describe the training you have experienced / followed in this SME?*
5. *Does management training evaluation take place? (And if yes) What methods of evaluation are employed?*
6. *In your opinion, what are the advantages and disadvantages management training has on the trainee?*

* (With the prior consent of the participants all interviews have been recorded on audio tape for later analysis in conjunction with various notes as needed have been taken during the interviews-same applies for both field works of 2010-2011 and 2014)

Below is the interview questions asked in the follow up (to the first field work) primary data collection of 2014. As stated earlier, the purpose of this second research work was to examine the validity and the applicability of the theory built by the analysis of the data collected in 2010-2011, inside the Greek SMEs. As an extra notice it must be stated that contrary to the initial research, this field work has the same questions imposed to both groups of subjects.

- **Field work performed in 2014**

For Group A:

- 1) *How is the company dealing / doing with the financial crisis currently?*
- 2) *Have the company experiencing a higher / same / lower degree of training occurrence since the last time we spoke?*
- 3) *What kind of training is seen nowadays in your company taking place?*

- 4) *Do you perform any training needs evaluation?*
- 5) *Do you find this training enough for serving the needs of the organization?*
- 6) *How is new knowledge created / generated inside the company?*
- 7) *How new or existing knowledge and information is circulated within the company?*
- 8) *Do you consider this adequate or you would like to see something changing, added or excluded?*
- 9) *Is the training provided and the company's system for dealing with knowledge and information adequate for increasing competitiveness?*
- 10) *Is the training the company employs enough to support the managers / trainees at strengthening their career profile and potential?*

For Group B:

- 1) *How is the company dealing / doing with the financial crisis currently?*
- 2) *Have the company experiencing a higher / same / lower degree of training occurrence since the last time we spoke?*
- 3) *What kind of training is seen nowadays in your company taking place?*
- 4) *Do you perform any training needs evaluation?*
- 5) *Do you find this training enough for serving the needs of the organization?*
- 6) *How is the knowledge created / generated inside the company?*

- 7) How is new or existing knowledge and information circulated within the company?
- 8) *Do you consider this adequate or you would like to see something changing, added or excluded?*
- 9) *Is the training provided and the company's system for dealing with knowledge and information adequate for increasing competitiveness?*
- 10) *Is the training the company employs enough to support the managers / trainees at strengthening their career profile and potential?*

3.3.4 Project sampling and saturation point

Miles and Huberman (1994) argue that sampling is crucial for later analysis. Indeed it is impossible to study everyone, everywhere or everything in a research project. According to Hill and Wright (2001) qualitative sampling has three key features. First, qualitative researches work with small samples of people. Second, qualitative sample tend to be purposive than random. (Miller and Huberman, 1994 and Morse, 1989) Third, the samples are usually not entirely pre-specified but they rather evolve as the project progresses, especially when reaching the fieldwork stage. In other words, observing one type of events leads with comparison to another, and understanding one key relationship in the setting reveals facets to be studied in others.

The literature on sample size in qualitative research is rather limited of suggestions as to which number of participants seems adequate enough for reaching

saturation covering in great depth the research objectives. Very few authors have suggested what should be the minimum number of participants. For instance, Creswell (1998) argues 5-25 and Bertaux (1981) thinks 15 to be the bare minimum. While these numbers are offered as guidance the authors do not tend to present empirical arguments as to why these numbers and not others for example. (Mason, 2010) Charmaz (2006) suggests that the aims of the study are the determinants of the sample size. The author suggests that a small study with modest claims might achieve saturation quicker than a study that is aiming to describe a process that spans disciplines. Ritchie et al (2003, p.84) outline seven factors that have the potential to affect the size of a qualitative research project: *"the heterogeneity of the population; the number of selection criteria; the extent to which 'nesting' of criteria is needed; groups of special interest that require intensive study; multiple samples within one study; types of data collection methods use; and the budget and resources available"*.

It is accepted that qualitative research primarily uses smaller samples than the quantitative. Ritchie, Lewis and Elam (2003) believe that there is a point of diminishing return in the qualitative sample, as the study progresses more data does not necessarily lead to more information. According to Mason (2010) different participants can indeed have diverse opinions. Qualitative samples must be large enough to assure that most or all of the perceptions that might be important are uncovered, but at the same time if the sample is too large data becomes repetitive and, eventually, superfluous.

Morse (1995) argues that researchers often claim to have achieved saturation but are not always in position to justify it. This assumption is also embraced by Bowen (2008) who feels that saturation is claimed in a number of qualitative research

reports without any sound description of what it means and how it has been achieved. In the same vein, Charmaz (2006) offers the example of a research studying stigma in obese women. It is entirely possible that a researcher might claim that the category "experiencing stigma" has been saturated very quickly. However, a more experienced researcher would explore the context of stigma in more detail and what it means to each of these women reaching saturation in latter stages than the less experienced researcher.

Strauss and Corbin (1998) suggest that saturation is a matter of degree. They further advocate that the longer researchers examine and analyze their primary collected data the greater the chance for new conclusions, information and themes to emerge. Instead, they conclude that saturation should be more concerned with reaching the point where it becomes counter-productive and that any new that is discovered does not necessarily add to the overall story, theory or framework.

Mason (2010) researched a great number of qualitative PhD studies exploring the number of participants used concluding that the common sample size was 20-30. Mason's findings are in agreement with the views of a number of scholars who advocate that saturation in a qualitative project is achieved at a comparatively low level of sample size (Charmaz, 2006, Morse, 1994 and Creswell, 1998).

Additionally, the skills of the interviewer / researcher clearly affects the quality of the data collected (Morse, 2008) and as a subsequence this will have an effect in achieving saturation point. Guest et al (2006) further adds that the size of the sample becomes less important as the quality of the data is the measurement of its value. Mason (2010) suggests that this is as a result of the interaction amongst interviewers and research participants. For example according to Mason (1020) ten

interviews, conducted by an experienced interviewer will elicit richer data than 50 interviews by an inexperienced or novice interviewer.

The criteria for choosing the research sample of both the initial field work of 2010-2011 and the follow up of 2014 are the same. The reason being that the project concentrates specifically on a market - the Greek, on a sector - the financial services, and on a category of companies -the SMEs. Additionally, the rationale of the research was better served keeping the same criteria in both samples in relation to the companies who were eligible to participate. The sample used in 2010-2011 research had four SMEs and this of 2014 had two. It must be stressed again at this point that the organizations employed in the second field work were two SMEs which were also investigated in the research of 2010-2011. Therefore the total number of SMEs appearing in the project is four. The criteria for selecting these companies are as follows:

- a) The SMEs researched had to be members of the Athens stock market. The number of companies examined is four as individual case studies and five members of each were questioned. There is no clear answer on how large a sample must be, in order to provide the desired level of confidence. The total number of SMEs that trade on the Athens Stock Exchange is 52. The four SMEs examined have been chosen on the basis of the accessibility the researcher has established with them. A number of companies were approached but these seen in the two samples finally accepted to participate in the interviews ensuring that five managers from each SME were to answer the interviewer's questions. In the majority of the SMEs that have been initially

contacted the response was negative and in many cases there was absolutely even no response;

- b) The companies had to employ no more than 100 salaried workers on average the last three years and have an average turnover up to 2, 4 million Euros. Thus, the researcher ensures that the companies under examination fall in the SMEs categories by the definitions provided from the Greek government rather than the EU, which have been shaped in accordance to the Greek market size. Also, by setting such numerical limitations in relation to the number of employees plus the turnover, the very small companies – less than 50, have been excluded;
- c) The selection criteria are for an organization to have a minimum of five managers. The reason was to ensure the collection of a plethora of information not just by one or two managers but from more, in the attempt to establish a more round and complete idea about the research questions that were seek to be answered.

Given the market size of the Greek stock exchange companies allowed to be ‘brokers’ being 75 (source: The official web site of the Athenian stock market - <http://www.ase.gr/>) SMEs fitting the requirement are 52. At this point it should be also noted that the SMEs that have been researched deal exclusively with the entire range of the stock market businesses. There is no difference on the services all four companies of the samples are offering to potential clients. (<http://www.ase.gr/>) Therefore, no further categorization on the selected sample is to occur during the research. The companies were initially contacted directly by mail or email to arrange a meeting. This gave the opportunity to the interviewer to explain the research goals

and the benefits for the participating organization. When agreement was reached, a time schedule had been arranged and dates were set for the interviews to take place in the manager's offices or in the HRM departments of the SMEs or in case for some reason those places were unavailable then another location has been agreed. There also has been argument about the actual place in which an interview should be held. The office environment is a more professional venue to do this, while also keeping the time frame short. In the remote case that an interviewee did not wish to be interviewed at the workplace, this was held at other premises.

3.3.5 Data analysis: Content analysis

The approach that has been used for analyzing the collected primary data is content analysis. Babbie (2006) defines content analysis as the study of recorded human communications like books, laws, or recorded transcripts of interviews with participants. Hsieh and Shannon (2005, p. 1278) add that content analysis is “*a research method for the subjective interpretation of the content of text data through the systematic classification process of coding and identifying themes or patterns*”. Berg (2001) argues that content analysis involves a process to condense raw data into categories based on valid inference and interpretation. This process uses inductive rationale by which themes and categories derive from the collected data under the researchers' examination and constant comparison – and thus interpretations. Inductive reasoning works by moving from specific observations to broader generalizations and theories. In the inductive approach, one begins with specific observations and measures to detect patterns and regularities, to formulate some

tentative hypotheses that we can explore, and finally ends up developing some general conclusions or theories (Guba and Lincoln, 1994). In essence, the researcher employs the primary collected information and then compares it with the existing literature (relevant studies which have taken place outside Greece, mainly in some European union countries, and also, the US and China) for spotting / realizing and understanding the similarities, the differences and eventually the newly found and original aspects which will guide to new knowledge in this area of literature (Quinn-Patton, 1987); in this case, HRM, training and development related literature.

According to Gephart, (2004) Glaser and Strauss (1967) developed a practical way of doing research by analyzing “*the actual production of meanings and concepts used by social actors in real settings*” Gephart, 2004, p. 457). Glaser and Strauss (1967) argued that new theory can be emerged by focusing on the contrasts between daily realities – what is actually going on – of substantive areas and the interpretations of those daily realities made by the actual participants – the actors – in such realities. Therefore, in the context of this research project and during the analysis period continues and constant comparisons, not only between new material and the previous data, but also between the data gathered in the interview sessions and themes emerging from literature review will take place. After that stage, initial transcripts will be developed combining any field notes that could be taken during the interviews when the researcher detects something which probably can’t be recorded on tape (I.e. a non-verbal kind of reaction, like a facial expression of the subject providing clear indication of happiness or frustration towards some topic(s) discussed during the interview) with the data recorded in the tapes of the interviews. The final transcripts will go through the coding phase when they will be re-read several times in order to provide a clear overall idea of both the discussion and the content to the researcher.

Then, the first step is to break the data into meaningful units of information (i.e. significant sentences or paragraphs will be colored). Then, units will be combined to form larger categories (i.e. cut and paste of similar colored text fragments). The third step is to combine the categories into topics (i.e. again cut and paste of similar colored text passages Claes and Heymans, 2008).

3.4 Ethical issues

Since research deals with people and companies, it is very important to ensure that their rights are not violated (Wimmer and Dominick, 1994). The QMC research ethics standards also state that research participants should be treated with “care, dignity and compassions at all times” (www.qmc.ac.uk). There are ethical issues to be dealt with in all stages of a research project. There are six key principles of ethical research that the Economic and Social Research Council of the UK (ESRC), as articulated in the Research Ethics Framework (REF) expected to be addressed, whenever applicable. First, research should be designed, reviewed and undertaken to ensure integrity and quality. Second, research staff and subjects must be informed fully about the purpose, methods and intended possible uses of the research, what their participation in the research entails and what risks, if any, are involved. Some variation is allowed in very specific and exceptional research contexts for which detailed guidance is provided by the policy Guidelines in the official Research Ethics Framework. Third, the confidentiality of information supplied by research subjects and the anonymity of respondents must be respected. Forth, research participants must participate in a voluntary way, free from any coercion. Fifth, harm to research participants must be

avoided. And sixth, the independence of research must be clear, and any conflicts of interest or partiality must be explicit (<http://www.esrc.ac.uk/ESRCInfoCentre/Images/ESRCReEthicsFrametcm611291.pdf>).

Prior to each interview a form of acceptance was handed to the subjects asking for their signed consent for allowing the researcher to make use of the material that will be collected, discussed or just mentioned via the interviews for academic and only purposes. This consent form approved by the research committee of Coventry University states and guarantees the interviewees' anonymity. The researcher made clear in advance the purpose and the content of the research project and interview questions to the participants. All interviewees who took part in the research did so voluntarily and also all had the right to not answer one or more of the questions even after having already signed the relevant form. In addition, the researcher asked certain documents to be retrieved from each company showcasing the firm's performance, profit, and projections. The researcher having received the university's compliance by the ethics committee ensures to not intend to use any of the interview contents and / or organization's documentation for any other than purely academically related scopes (I.e. and not for supporting rival businesses or serving any personal or third party interests).

3.5 Dependability of the study

The terms reliability and validity are essential criteria for quality in quantitative paradigms, while in qualitative paradigms credibility, consistency or dependability (Lincoln & Guba, 1985) are important. With regards to the issue of dependability,

Lincoln and Guba (1985, p. 300) use “*dependability, in qualitative research which closely corresponds to the notion of “reliability” in the quantitative paradigm*”. They further assert that “*inquiry audit is one measure which might enhance the dependability of qualitative research*” (Lincoln and Guba, 1985, p. 317). Inquiry audit is the systemic evaluation process of research to establish its quality (Schwandt & Halpern, 1988). In a qualitative inquiry audit, the researchers’ peers review the study, in order to check its trustworthiness. It is important that the peers receive data that can be checked and evaluated. According to Hoepfl, (1997) this can be used to examine both the process and the product of the research for consistency. In accordance with Hoepfl (1997), Clont (1992) and Seale (1999) assert the concept of dependability as being synonymous with the concept of consistency in the qualitative approach. The consistency of data will be met when the steps of the research are verified via examination of items like raw data, data reduction products, and process notes (Campbell, 1996). A data collection database is employed containing the handwritten notes taken during and after the semi - structured interviews. This technique offers the opportunity for the external observer to review the research process which takes place from the conclusions and interpretations made back to the initial research questions and vice versa.

3.5.1 Credibility of the study

To ensure research credibility, the rationale followed by Niss (1996) has been employed. Niss (1996) through searching the marketing strategies and tendencies of the Danish export companies sent a copy of the transcribed interview to each subject

that was questioned in the context of the semi structured interviews, for self-correction and commenting. None of the respondents had any objections, something that was interpreted as an approval sign. In that sense, the researcher's appreciation of what had been discussed and transcribed during the interviews had been in accordance with the interviewees' views. In the event that some of the respondents have any sort of objections on the meanings the researcher has derived from the interviews, then the necessary corrections will be made in order to ensure the research's credibility in the sense that the analysis and its conclusions will be based on the basis of the real meaning(s) the subjects have to offer. For Niss (1996, p. 10) credibility "*relates to whether the actors studied find the researcher's interpretations meaningful and relevant in portraying the reality in which they find themselves.*" This is what academics describe as communicative credibility (Andersen, 1995). Even so, when the time comes for the data analysis stage, the interpretations will be dependent on the researchers' choices, yet the aforementioned measure at least makes it possible to ensure that these choices are influenced by the field studied reflecting as such the views of the actors concerned. As Robson (2002) argues, a major "threat" of the research credibility in interview based projects is to accurately write down and transcribe the subjects' answers. In this study, that "threat" is dealt by audio taping all interviews so no information can be lost or misinterpreted. In addition, credibility is enhanced by having compared some of the subjects' answers with a number of documents retrieved from each firm. Those documents should reflect the company's performance in the prior and post training period (in the case of course that training has taken place in that SME), illuminating possibly any of the effects training has had on managers and / or the enterprise alike.

3.6 Research limitations and Constraints

Examining this study's limitations and/or constraints, these are:

- a) the difficulty to access the managerial staff, as their schedule was demanding and the time they dedicate for academic interviews – an off their job activity - is extremely limited, therefore the researcher was ready to adjust schedules and attempt to take advantage of every potential opportunity to meet up with the managers in their office at any given time during the day, even before or after the usual nine to five work hours;
- b) possible bias as the researcher is of Greek origin, thus to some extent aware of the Greek market attitudes and mentality, a fact which may interfere with the analysis of the research results;
- c) certain time constraints related to the deadline of the project as according to university of Coventry PhD specifications, a maximum time for completion is given to candidates conducting research in full or part-time mode of study, respectively;
- d) the qualitative nature of the research which may lean towards generalizations since when it comes to qualitative approach the conclusions always derive by the researcher's appreciation who tries to explain and interpret his own field work findings;
- e) the limitations imposed by the data collection method used, the semi – structured interviews which, ranging from the dependence of the success of the interviews by the competence with which the interviewer has to conduct that mode of data gathering, to other issues such as the considerable amount of time needed, the lack of reliability and the difficulty for the examiner to interpret the findings and make sense out of

them during the analysis (see more detailed information on the weaknesses of the semi – structured interviews in the data collection section above);

CHAPTER 4

4. Introduction

This chapter presents the data retrieved throughout the interviews taking place for the interests of the first field work conducted in 2010-2011 dealing with themes such as training strategy of the Greek SMEs in the stock market industry, the training methods employed, the budget that is allocated for training, the options for funding via external sources as well as the issue of training needs assessment (TNA) and the post training evaluation among others.

4.1 SMEs background information

In accordance to Coventry University's ethics regulations, anonymity of the companies investigated was applied. Therefore, for the purpose of delivering the background information of the SMEs, pseudonyms (Atlas, Zeus, Aris, and Hermes) have been assigned to each SME. All companies have a number of employees ranging between 40 to 60 (see table 1 for details). Aris and Hermes were established in 1991, Atlas in 2001, while the fourth company (Zeus) was founded in 1960. Atlas, Zeus, and Aris are based in central Athens in a location close to the Athenian stock market where also the majority of such organizations are based. Hermes is located in northern Athens, roughly 10 kilometers from the center.

The entire personnel in all enterprises are of Greek origin. Aris and Hermes are family businesses, owned and run by the members of a single family being in all

the key administrative positions, primarily the CEO and the VP, as well as having a main capital investor(s) role, others from outside the family have joined the staff but not in the top management or administration positions. It must be noted here that family businesses are common in the Greek financial services market as two CEOs (M1, Atlas and M1, Hermes) attested.

All companies in the sample follow a rather simplistic form of organizational structure. Some departments or divisions exist, where usually a manager is assigned along with supporting staff. There are cases where an entire division has only one employee who is entitled as its manager. In many cases, the divisions operate through one employee or manager, who holds office. This is more apparent in the areas concerning the Information Technology (IT) department and the accounting department (i.e. in Zeus and in Aris, the accountant works alone). Secretariat staff supports the top management, the CEOs and vice presidents usually assist in other tasks related to filing and administration or even in marketing and communication as many times they will contact past or even potential clients for promoting the company's services in the attempt to retain the customers' basis and attract new ones. Quite evidently, job descriptions do not seem to apply for all in the typical Greek SME according to some interviewees. This is a norm widely used in the market as explained by the interviewees. It is a practice that involves many of the employees and especially the managers. As explained by a CEO *"all leads we have must be contacted in order to advertise our company and its services as best as possible. Existing clients is equally important for us as is attracting and gaining new clients. Thus, extra pressure has been placed upon our staff in this direction."* (M1, Aris). The CEO from Atlas also stated: *"on a very frequent basis a number of potential customers will be approached. These are people we know that have the capacity to*

invest and they could use our expertise in the field. It is important to gain new clients but above all strong clients who are willing to invest. That kind of client hunting is very common in the market right now as many of the regular clients have bailed off and any serious financial movement is scarce.” (M3, Atlas). It is worth mentioning that the traditional job descriptions do not apply and that employees from literally any department are used to fill in client service positions according to a number of subjects from both groups (A and B).

The main divisions that are present in every SME of the sample are the shares division, the brokers division, the accounting division, the IT, the “back office” and the client services division. In these divisions a senior manager is assigned with the exception of Atlas that has the youngest person for that role. Officially, an HR department does not formally exist in the sample researched, apart from Atlas which has developed such a division responsible for employee relations, training issues, recruiting, and budget and staff evaluation. In the other three SMEs, those responsibilities are handled by the top management (the CEO primarily). The position of HR is filled by the top management.

The following tables describe the personal profile of the 20 interviewees and their position in each company as well as the researcher’s general impression of their attitude during the process of interviewing:

Table 4.1

ATLAS:

Position	Gender	Age	Education	Experience (Years)	Researcher's impression
CEO	Male	52	Finance	30	Calm
VP	Male	50	Business	27	Calm
Broker's manager	Male	40	Stock market specialist	16	Nervous
Back- office manager	Female	31	Communication	8	No interest
IT manager	Male	34	Computer programmer	12	Unhappy

Table 4.2

ZEUS:

Position	Gender	Age	Education	Experience (Years)	Researcher's impression
CEO	Male	49	Business	24	Calm
VP	Male	45	Business	23	Out of interest
IT	Male	37	Computer	15	Ambitious

manager			programmer		
Client service manager	Female	32	Marketing	9	Out of interest
Broker's manager	Male	30	Finance	7	Energized

Table 4.3

ARIS:

Position	Gender	Age	Education	Experience (Years)	Researcher's impression
CEO	Male	55	Management	29	Nervous
VP	Male	51	Business	27	Calm
Shares' manager	Female	34	Stock market	11	Nervous
Brokers' manager	Male	37	Finance	15	Pessimistic
Back office	Female	29	Business	8	Out of interest

Table 4.4

HERMES:

Position	Gender	Age	Education	Experience (Years)	Researcher's impression
CEO	Male	60	Finance	32	Calm
VP	Male	51	Business	27	Calm
Accounting manager	Male	42	Accounting	19	Out of interest
IT manager	Male	33	Computer programmer	11	Ambitious
Client service manager	Female	30	Business	8	Stressed

The table (4.5) that follows provides the explanation of the abbreviations which have been given to the subjects of each company. The managers in each SME belong to the group A (HR decision makers) and the trainees belong to the group B (the managers / trainees):

Table 4.5**Subjects abbreviations:**

Company	manager	Manager	manager	Trainee	trainee	Trainee
Atlas	M1	M2	M3	T1	T2	-----
Zeus	M1	M2	M3	T1	T2	-----
Aris	M1	M2	-----	T1	T2	T3
Hermes	M1	M2	M3	T1	T2	-----

Although a number of managers exist in each SME (averaging five), the top management, i.e. the CEO and the VP are in absolute control of any management issue, activity or decision.

Both family and non-family businesses show a high level of power accumulation to top managers. There is also strong evidence that in a number of occasions, managers do not manage freely as all of the decisions to be taken must be made by those higher in the hierarchy. *“I have been assigned to the brokers’ office having a broad basis of clients and significant experience in the market. But as I have witnessed in other organizations, this one too restricts my maneuverability as I must frequently go see my boss and explain the rationale of some of my moves.”* (M3, Hermes) Another interviewee added, *“it is a feeling of absolute control, over our heads. We are constantly observed and criticized. However, as we know it is rather hard to influence the decisions of our administration, and at the end, we tend to go with what they believe it is of benefit to the company and we take seriously the*

unofficial short meetings and small chats that take place in which certain directions are provided especially regarding the good clients we have that in many cases are really close with the president having established even long friendships.” (T1, Zeus)

Furthermore, one subject stated, *“really I don’t feel like I exercise any management. I have been repeatedly told exactly what to do, and in the rare chance I get to have my own say, I am always under a sort of surveillance as somehow I sense that since it’s not something imitated or performed by the CEO or the vice president, then it might not be the most appropriate action. I have many times suggested or promoted a personal idea backed up with my argumentation but although I will get some nice comments the ideas is not adopted eventually.” (M3, Hermes).*

In the case of Atlas, the criticism was so severe from the managers, however even in this case, a high concentration of authority by the top management was evident. For instance, as a management trainee explained, *“there is always a discussion on ideas brought in by anyone but usually the more experienced managers and especially the boss are the ones who take the final decision. I don’t participate that much in such discussions as I am relatively young and also new to this organization. But there is a general support towards the managers of the company to take initiatives and to not hesitate to come up with fresh ideas. Of course, such fresh ideas will go first through the CEO and the vice president for evaluation before they are implemented.” (T1, Atlas).*

Therefore, contrary to what the ideal scope and job description of management positions may be, in the SMEs under investigation, the same rules do not apply.

All four SMEs are considered by their managers interviewed, to be positioned (ranked) in the middle positions among competitors in this industry. Due to the absence of official rankings in Greece presenting the position of each company in the market, the researcher relied on the interviewees’ opinion to establish an

understanding of how well each company is placed in this market. Factual statistical documentation although retrieved by the companies researched, could not be compared with the same documentation – as annual fiscal reports - by other competitors in the industry as such reports are not publicly available and the researcher's limited accessibility to all other companies in the market and time constraints did not allow for establishing such comparisons. During an interview with an employee from Atlas, it was mentioned that *"It kind of depends on how you see things... We are not a huge firm but we are also not a small firm and if you measure a firm on its transactions we may rank higher than some larger firms. They may have headcount, but we have loyalty and consistent transactions...so I would suggest we are somewhere in the middle..."* (M2, Atlas). When the subjects were asked on which grounds they feel the SMEs should be described as mid - tier organizations, they based their assumption on profit, net gains and number of clients, as well as cumulative wealth estimation of clients. For example, one interviewee stated *"the SMEs in our market are distinguished in two or even three categories basically, those which are performing well, those who are hanging in there and those who are about to go out of business due to the economic climate. We belong to those performing well among the SMEs- considering our profits and due to a handful of some of our clients with tremendous investment capability."* (M2, Atlas).

The majority of the companies' clients are Greek. Those with the strongest investing capability are usually very loyal customers counting on their personal relationships with the ownership. It was stated by those interviewed that many clients, especially the older and in many instances very loyal ones called directly the owner and CEO of the firm to discuss stock market performance before they would talk to an agent on the phone. It was therefore common practice for the top person in the firm to

talk on his mobile phone directly to a number of clients before delegating the task to another representative of the firm on his behalf. This was also done in order for the call to be recorded but it also demonstrates the character of the firm, its reliance on loyalty and a simple operating structure. As a Hermes interviewee commented: *“We are very cautious on the phone if we know that a client is very close to our boss. This is one of the features of a small firm; the fact that personal connections are nurtured. I personally know that they will talk on a weekly basis and the client may also comment on my customer service...”* (M2, Hermes). Client segmentation was not available by the SMEs researched based on data protection, however a general statement derived while interviewing the managers indicated that most clients come from Greece (local). Specific information providing the percentage of Greek clients in comparison to non-Greeks could not be retrieved. 2010 annual reports have been used to obtain information on their financial performance. The annual reports related mainly to the financial activities of the sample companies constitute the main form of documentation managed to be retrieved. In many instances it was evident that the SMEs’ back up and records system were not properly managed, as a number of subjects confirmed. The financial data which has been used was handed to the researcher by the accountants of the firms and in some cases by the CEOs. The documents referred to the financial statements concerning 2009-2010.

Atlas’ total revenue for the year 2010 was close to 12 million Euros. Profit was estimated at 2.6 million Euros, down by 10-15 %, mainly due to the current Greek financial crisis. SME Aris’ revenue in 2010 was estimated at 9.4 million Euros enjoying a 1.2 million E profit. In 2011, revenues have experienced a decrease of approximately 20% according to the accounting department manager. As she stated specifically, *“many organizations in our industry have shut down and things are*

getting worse with the austerity measures forced by the Greek government and the EU...this economic crisis has impacted our industry severely and we are all feeling uneasy.” (M2, Aris). Zeus, in 2010, had reached revenues of 10.7 million Euros enjoying a profit of 1.7 million, while in the same year, Hermes reported a revenue of 10 million Euros with a 1.9 million profit. It was noted by more than 70% of the sample that the future did not seem promising in Greece, something evident from the country’s weak financial position and the fact that there is limited confidence in the Greek stock market. These four SMEs mainly focus on the Greek market (not on foreign markets), thus creating a significant limitation for the companies in terms of diversification of their risk. With regards to training, all SMEs in the sample dedicate 1% approximately of their annual budget for training purposes as shown in table 1.

Table 4.6

Basic information of the four SMEs researched (Financial data, 2011)

Org	Est.	Employees	Revenues (mill €)	Profit (mill €)	Family business	Annual budget % spent on training
Atlas	2001	58	12	2.6	No	1%
Zeus	1960	52	10.7	1.7	No	1%
Aris	1991	40	9.4	1.2	Yes	1%
Hermes	1991	46	10	1.9	Yes	1%

4.2 Training strategy in the financial service SMEs

The financial services sector in Greece is primarily concerned with stock market related activities (portfolio analysis, bonds, equities, market analysis, investments etc.), while the vast majority of the companies that operate in the sector are in fact SMEs. Four of those SMEs have been investigated in order to retrieve information regarding the “mentality” and strategic approach these organizations have towards the training of their managerial staff.

The HR administrators are positive towards training and development and they firmly believe on its dual benefit for both the company and the personnel alike. *“In a time of intense competition well trained staff can be a huge weapon”* as one of the HR decision makers attests (M2, Atlas). Others see it as something essential and related to competition, *“we know that more or less all our rivals engage in training.”* (M1, Aris). However, if the HR policy makers in the SMEs recognize that training is used by all companies in the industry then what steps, if any, do they take for ensuring that their training will be adding to their competitiveness? Although these HR managers directly linked training with competitiveness during the interviews, it was evident that it was not part of a wider strategic plan. In all four SMEs researched there seemed to be an absence of strategic objectives when it came to training, limited (if any) alignment with strategy, an absence of formal evaluation and an unstructured approach. In the effort to justify the reasons for the lack of planning and alignment, the managers responsible for the HR and training related decisions argued that the responsibilities and the tasks an employee in this sector are more or less standard and

by practicing them frequently they become very familiar to the person. After asking for further elaboration it became somewhat clear that no management specific oriented training is frequently employed. It also became apparent that formal training was not part of a wider organizational strategy. The important task for HR was to rather recruit based on work experience and education; when recruited the individuals did not become part of an overall competencies framework or plan towards development to become managers (if they were not) or develop as higher managers (i.e. senior managers); If required on an ad hoc basis, training was undertaken. Nevertheless, they seemed to ignore the issues surrounding the practice of management. The focus of this research is the “management” training as they play a pivotal role in the operations of SMEs based on the literature and it seemed that the HR managers in the interviews obviously do not place so much attention on the management tasks and the impact these tasks might have on the performance and the competitiveness of an organization operating in the financial sector. As an HR manager from Aris commented *“Our job here is quite straightforward. We evaluate markets, analyze trends and propose investments. One needs to be technically capable to do that.”* (M2, Aris). Management issues, leadership issues as well as organizational and administration issues were not brought up during the interviews as being delivered through a training program. It became evident that technical knowledge and day to day operational skills were at the forefront and not long term development of managers (in term of competencies, soft skills etc.). Overall, the training offered by the SMEs of the sample was not management centered but rather activity centered. As a trainee stated *“very scarce training for management is done. The training mostly refers to functional everyday jobs and surely will not assist a new manager that might need his or her skills to be developed in order to be as best as*

possible in our new tasks.” (T1, Aris). This point is reinforced by the fact that the organizations in the sample did not have an “official” HR department as well as a training plan, let alone a competencies framework and an appraisal scheme.

The SMEs researched proved that their administration believes in training and its benefits, but they do not seem to have a formally articulated strategy that will enable them to draw the most out of training in terms of management training needs analysis, design, execution, evaluation and knowledge transfer. Apart from the training that is outsourced to a training provider that delivers preparation courses for becoming certification, the SMEs engage in training through an ad hoc approach. This is suggested due to the absence of any training needs assessment and evaluation by the SMEs of the sample. As derived by the interviews, the notion towards training is a reactive rather than proactive model. One of the interviewees from Hermes stated: *“We are a small organization and one that can be controlled rather easier than a large firm. We know our problems and which areas need attention. We are a highly technical organization and history has proved that you cannot plan in the long term these days...”* (M3, Hermes). This predictability thus created a false sense of understanding training requirements for the firm and also lacked vision, innovation and the creation of a unique skill set for its staff. The decision to engage in training is taken on the grounds of emerging situations or needs that are solely assessed and taken by the top managers of the companies that are identified as being the CEO and the VP. Given that the CEO and VP make all or most of the decisions, this partly explains why there is an absence of a formal HR department. That linkage has been evident during the interviews as one manager comments, *“the decision making on training and HR in general issues is a matter determined by the president primarily. He is the one who decides who goes for training, for how long, and the type of*

training.” (M3, Zeus). In addition, another interviewee stated the following: “the company has offices (as departments) according to the functions it has to deal with on its daily activities in the market. Even though the HR office does not exist it does not mean that the HR issues are decided at random or left to pure luck. The decisions regarding HR are a duty performed by the most experienced in the organization that are without a doubt the president and the second in the hierarchy ensuring that a sound assessment will take place.” (M3, Atlas).

This ad hoc notion is adopted by all four SMEs and means that when a task demands more skills to be dealt with then some training will be considered. If a client has a task that the current manager or the team assigned to lacks, then the leadership will consider their training options. If the skills are adequate to deal with job assignments and other tasks or activities, then training is not considered. In the question why such an approach is chosen the managers resorted to a number of factors that in essence prohibit higher occurrence of training although they admit that in many cases it would have been of great value and benefit for business and staff alike. One manager said *“of course it would be highly helpful for the management if training could occur more often but when some obstacles exist we become reluctant to pursue, i.e. tight budget, upcoming regulatory/taxation spent increases, political instability...”* (M3, Atlas) In addition a CEO explained that *“training has never been a very frequent phenomenon in the SMEs of the market not because we are not aware of the advantages and the benefits but because of various constraints.”* (M1, Atlas).

Constraints may be noted possibly in order to find excuses for not dealing with an issue and / or feeling that training is not as important so the idea is abandoned. This was a very interesting point that was identified in the interviews. Therefore, the discussion turns on the reasons prohibiting training in the SMEs. The subsequent

section discussed these factors and in addition presents the standardized “compulsory” training requirements of this sector.

4.2.1 The securities commission exam

Greek regulations require all organizations operating in the financial services sector to have their entire personnel that deals directly with client and undertakes financial transactions go through an examination set by the securities commission. This examination is not management centered. However it is of great importance given that transactions take place only through certified brokers. *“It is set by the law and there is no way to just skip it. Furthermore, the pressure on us by the regulators is getting greater by the year so we need to follow rules and procedures to avoid any penalties,”* (T1, Hermes) an interviewee commented, a statement that may be considered *reactive* in one sense. Therefore, since every SME in the sample is required to employ certified employees (at least those undertaking transactions), they need to prepare their employees for the securities commission test. The providers for delivering the training are mainly multinational firms that offer professional qualifications training as well as the Greek banking institute. These organizations also support with application, registration and material. An upper manager commented about these companies, *“these providers are world experts on training and by assigning this task to them we are more than certain that the job will be adequately done and our staff will have success in this mandatory examination.”* (M1, Zeus).

Essentially, all SMEs undergo similar types of training, mainly preparation for the regulatory requirements and certification training as well as compliance related trainings. In addition, all junior candidates are prepared for the same Greek certificate requirement and are aware of the syllabus and topic areas examined based on past exam questions that do not seem to change dramatically each year although the exam by itself cannot be described by any means as an easy one according to the majority of the subjects. All these factors make training offered to the candidates not significantly different from person to person establishing a leveled starting point for the new employees in terms of training. As an interviewee stated, *“everybody working in the financial services sector knows what they have to do when they start operating in the market and it is important to get certified. One needs to be cautious however because you may become overqualified if you become certified with something like the CFA (Chartered Financial Analyst.)”* (T2, Aris). This was a very interesting point given that in Greece, there is a great number of employees with high level degrees (i.e. Masters in Finance, Accounting, Management, Financial Services, Banking etc.) and salaries do not necessarily relate to the qualifications. In short, there is excess supply of educated and capable executives, thus not necessarily offering a competitive advantage as the market does have an adequate supply of such individuals and given the crisis a limited number of job openings. Therefore, it is up to the companies to consider their options for additional training for reaching competitive advantage via the development of the manager’s skills. A good example in the financial sector, audit and accounting market is the increasing demand of the International Financial Reporting Standards (IFRSs) knowledge in order for analysts to make sound decisions on company performance as a manager explained (M2, Zeus). On this matter, the following was also quoted by another subject *“We have moved into a new era with the*

IFRSs. We need to be able to analyze companies that are listed within IFRS terms. We need continuous training in this area as this is a pan-European requirement.” (T1, Zeus).

In sum, there was a sense of disappointment in terms of salaries based on qualifications and certifications in the market from those interviewed. This may be attributed to the supply of qualified individuals in the market, the economic crisis and the scale of the Greek market. Considering the securities commission test, this works as a standard starting point for any employee wishing to make a career in the stock market related businesses. The mandatory nature of this examination and the fact that the training providers are a small number of multinationals usually chosen by the SMEs, ensure a sort of leveled training basis for the new candidates.

4.2.2 The financial factors prohibiting training

One of the most common reasons for limited training activities is the lack of financial resources. This was also noted in the literature review. Given the condition of the Greek economy and the austerity measures, one realizes why organizations cannot support the training and development function. *“Funds are tight. So, we must preserve our resources for now in case things get worse.” (M2, Zeus). “First and foremost we have to make sure that our basic needs are covered before even thinking to employ any training. Some funds are always available for this.” (M1, Hermes).* These two statements made by upper management interviewees describe the companies’ prioritization and fears. Nevertheless, as derived by the subject’s answers, training

had never been highly prioritized even before the economic crisis became a reality. Four complimentary interviews with each SME CEO took place succeeding the initial twenty (interviews) in order to draw additional information while the market has fallen deeper within the financial crisis. Among other issues questions were raised when it came to the training frequency regarding the pre-economic crisis era (before 2008-2009) in Greece and the conclusion was that in most companies some higher training frequency indeed had been occurring. However, the much higher number of employees and managers the organizations were employing at that period should be taken into account. There has been an average of 20-30% decrease in staff the past 3 years due to cost reduction policies according to these interviews with the CEOs. That additional 20-30% of extra employees can be linked to the more frequent training courses of the past, plus the better financial capability of the organizations which offered better opportunities for training.

The limiting financial resources have been the most common excuse for the HR managers for not engaging into more extensive and frequent formal training. However, this does not justify necessarily the absence of a training and development strategy in the companies researched. Apparently, the SMEs management feel that having such a strategy is not necessary and the “see and consider as we go” that a number of managers have described as the current trend, and is more suitable for the nature of the Greek market and its’ recent anomalies. As one of the interviewees stated: *“Our structure and requirements are quite simple for operating however if one wants to make it big in the market or be head hunted one needs to prepare and invest on their own.”* (T1, Atlas).

As the economic crisis deepens and client retention is becoming more important since continuously less investors are willing to put their money at risk, new

ideas and talent management programs need to be adapted to secure market shares in a highly competitive market as two managers trainees have suggested (T1, and T2, Aris). What has been the norm in the financial services sector in Greece in firms such as those in the sample might not be adequate for the challenging years to come. At the time this research took place the interviewees felt stressed about the future but the SMEs owners / general managers did not seem to have alternative methods ready to employ in case the country's finances and consequently the markets decline any further.

An important note to make is the fact that the subjects / trainees confirmed and further stated that the new mediums and methodologies available for training such as on-line courses, social media use for training purposes as well as the possibility of blended learning are not available but should be included in the training employed in the companies they work for. This statement strengthens the idea that the companies of the sample are highly conservative in accepting innovation in training and that conservatism is a major characteristic of the Greek financial services SMEs as a plethora of managers have also agreed with.

4.2.3 Training funding support

Each SME researched dedicates on average 1% of their annual budget for training purposes (see table 1) while all organizations in Greece can take advantage of another funding opportunity which is government funding. This option is the financial assistance the Greek government offers and – at times – could be also assisted by

funds that are offered by the European Union, especially for development programs. Nevertheless, the externally funded programs usually cover around 60% of total training and development expenses and the rest is a responsibility of the company to provide, if provided at all as noted by the CEOs. Additionally, in some instances, as explained by the subjects, once the application has been accepted given that certain criteria are met in relation to the size of the company (i.e. employee number) and the profit range as defined by the Greek law in order to be considered as an SME, the company might still have to pay in advance for the entire program waiting for the funding to be given at a later stage due to bureaucratic procedural delays. *“Sometimes, the waiting period can be from six months up to 2 years. As you can understand, this creates numerous problems relating to cash flows for the firm and we need to get the backing from the top management required as we will have this cash tied up and they never like that. If the funds were returned faster, I feel we would take training more seriously around here”* (M1, Aris) a manager says. This comment suggests that the external funding options / sources is not the only indicator for deciding on some new training, but also the timing when the funds will be eventually available in full. It is one thing to state that the money will be returned by the government but for an SME this creates a cash flow cycle that requires careful planning in order to have the opportunity to support the company overall, thus creating a disadvantage for training and development. Although training supportive policies might exist, the bureaucracy affects negatively the decision to apply for. The CEO of one of the companies argued that *“we simply don’t have the luxury to wait for the money to be returned to us”* (M1, Atlas). Another top manager adds, *“as a company we can’t cover 60% of the training cost most of the times”* (M3, Zeus) showing once again that training does not belong in the priority list for the organization for more than one reasons.

Another important issue for the SMEs lies in some of the answers been provided from the managers who believe that their companies might have less opportunities to apply for the external funding offered by the EU due to the fact that Greece has a different definition of what constitutes small or medium sized enterprise as it describes a lesser number of employees and annual turnover for been accepted and considered as SME. Thus, as a manager argues, *“the organization does not meet the criteria required to apply for the EU funding as the EU supports companies with a number of 150-250 employees whereas the Greek government defines as SMEs as having 50-100.”* (M2, Zeus). Simply looking at the official electronic portal of the European Union for the SMEs funding policies, it becomes evident that the view expressed by the manager above is false since the EU aids applicants in the form of loans, grants and guarantees to any enterprise (http://ec.europa.eu/enterprise/newsroom/cf/itemdetail.cfm?item_id=5778) which has fewer than 250 employees and a turnover of less than €50m and / or a balance sheet total of less than €43m (http://www.access2finance.eu/en/Greece/what_is_available.htm). The managers who claim inability to apply for training funding due to definition incompatibility between Greece and the EU are not aware of the actual European regulations and the fact that support can be directly retrieved from the EU without having to even contact national legislative, financial or other related to training issues bodies. The reason for leading to such misconception remained unclear as this belief is considered common knowledge inside in the SMEs and the researcher’s effort to contact the appropriate ministry in order to get some official answer did not deliver any results since no one from the ministry was willing to provide answers declining the repeated contacts, calls and emails. Nonetheless, the EU regulation remains clear on the subject of

external funding leaving no space for misconceptions for any interested party. Therefore, manager's lack of particular knowledge on the subject hurt the training as a result.

Furthermore, some of the HR managers were not also aware of such supportive programs, reinforcing the argument that "ignorance" played a role on further limiting training in these companies. Ignorance has been repeatedly argued by the second group of interviewees, the trainees, as being a limiting factor believing that more training should occur blaming directly the HR departments for being reluctant to invest and even ignorant for the external funding possibilities. As one trainee stated, *"Most of my friends who work for larger organizations, have so many opportunities to receive training, while at the same time it must be stated that their organizations are quite innovative. I actually feel jealous as they get so many opportunities and their organizations are up to date with current trends, funding opportunities and I actually learn more by talking to them than from my own company."* (T3, Aris). It could be argued that the trainees although are fully aware of the financial difficulties the companies and the market run through, they will still demand more training and increased allocation of funds for that purpose. On the other hand, HR managers follow a financial preservation policy and feel that overall, the skills of the managerial staff are generally adequate to deal with the current businesses and also believe that training and development results cannot justify the cost required for the organizations. Adding to this, the bureaucracy of the Greek government when it comes to offering financial support for training as well as the ignorance of the SMEs owners regarding the EU funding / aid further restrict the training opportunities for the management personnel.

4.2.4 The personnel and time deficit of the SMEs

The so called “golden era of the Greek stock market” as the CEO of Atlas described it, was between 1999 and 2005. After the Olympics that were held in Greece in 2004, the US housing crisis in 2007 and the Greek crisis that became evident from 2008 - 9, there has been a period of sharp decline in investor’s interest that has prompted companies to downsize, outsource, merge or even close down in a number of cases. Most businesses that have survived the first years of the Greek crisis (2008 – 2010) have downsized their workforce by as high as 30 or even 40% and many thousand SMEs have gone out of business completely (http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/files/countries-sheets/2012/greece_en.pdf). The staff reductions triggered marked consequences inter-organizationally. From 2009 on, less employees / managers have to deal with increased Clients have become ever more important as all CEOs confessed. *“We can’t afford to lose customers due to service dissatisfaction. The economic crisis has already accounted for a deep decrease of the activities in the Athenian stock market. We are under a whole lot of pressure and our employees need to understand this new fact”* (M1, Hermes) a CEO states. Another CEO argued that *“people nowadays are totally against stock market investments and no one can blame them. If confidence does not return to our customers soon then we will be in trouble. We are not able at this point to plan ahead .”* (M1, Aris).

A number of interviewees argued that in order to deliver management training the administration must accept the fact that certain divisions may underperform during the training period as the trainees may be attending some course or engaging in

activity outside of their daily job tasks (M1, Aris, M1, Zeus, M3, Atlas). Deadlines need to be met and since less employees are called on to deal with an increased workload, organizations run the risk of not offering the best services to the clients. Therefore, the HR policy makers do not feel ready to undertake the risks involved with committing significant number of managers having clearly a serious personnel shortage. In addition, the time that is pressing for finishing the various job tasks and the deadlines that have to be met in conjunction with the inability to hire more employees due to the money shortage make the SME owners more reluctant to proceed with training at a greater frequency. Thus, any training that might take place is always short and very selective having the “immediate profit” or the “quick fix” of a suddenly emerged problem as the end goal. Although this opportunistic approach was evident prior to the market crisis as a number of CEOs in their interviews revealed, it is additionally stimulated by the difficult times Greece is enduring financially and it should be assessed and considered within this framework, as a possible limitation of the study.

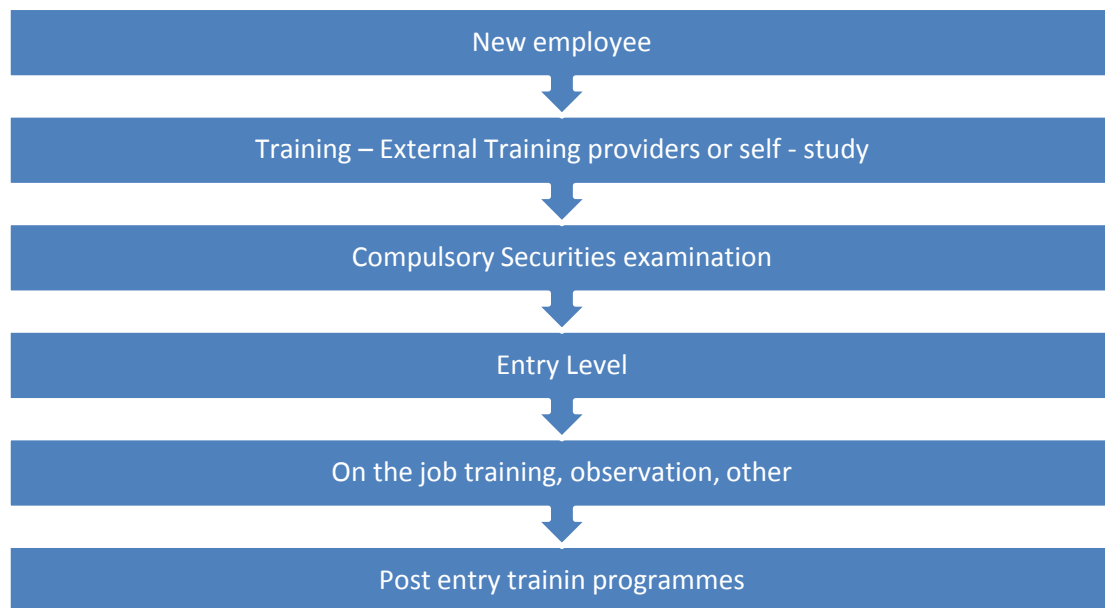
The downsizing, the crisis overall, and the need for immediate results has also created an aura of ill – motivation in the organizations of the sample. Organizations need to find solutions quickly, funds are tight, competition fierce and employees understand – and feel – this atmosphere daily. The managers who are responsible with the HR have fewer options and greater pressure than three to or four years ago. As one interviewee stated *“The time that is needed for completing a training course is simply not available for our business at this time. Staff and management is needed on the front line and it is too risky to have them in trainings.”* (M3, Zeus). Having financial difficulties has the direct effect of not being capable to spend for training but also it affects the strategy, motivation of staff and management and the size / structure

of a company. Staff and management also feel vulnerable, as unemployment is growing considerably, thus making the supply of qualified individuals greater while salaries are getting lower (forced by the Greek government in association with the EU in order for Greece to become more competitive). This has placed training and development in an even lesser importance even in the minds of staff and management, their most important objective being “keeping their job” and being competitive in the market salary – wise. This however has been a point that was not so much evident when this thesis began but it has been growing in the recent years with the heightening of Greece’s financial depression and is therefore worth noted. As in the case of the Greek stock market SMEs, the downsizing that resulted from the economic crisis limited even further the potential chances for additional training which in turn has also affected the staff in a negative way with regards to motivation.

4.3 Management training in practice: The basic-entry stage

Figure 4.1

Training order in Greek stock market SMEs



(Training occurring mostly by external providers: short seminars, educational courses or diplomas/degrees and certificates - plus on the job ongoing training)

Financial pressure and the economic crisis in Greece have greatly limited the frequency of training in the recent years based on the interview findings. Although training has never seemed to have been on the top of the manager's agenda, it is always viewed as a positive activity. However, in Greece, working experience seems to "outplay" the importance of training. Training is seen as a mechanism used to assist a new employee to enter into a new market or organization. Training is seen as a "basic knowledge provider" as an interviewee (T1, Hermes) argues and there is less mention of training being an on – going process for continuous development (CPD). The issue of continuing professional development was not noted very frequently suggesting that training and development is mainly felt as a requirement to "enter" a job but not to "secure" a job and surely not as an on-going process. An interviewee (T2, Aris) argued that based on this feeling, "new ideas and innovation entering the

company with the new recruits rather than from the further development of existing employees.” Another interviewee reinforced the above statement: *“the conditions must be very supportive in order to experience any serious additional training in the stock market SMEs. Such conditions necessitate a reliable external funding source (usually) or a company with an interest in training and a solid budget.”* (T2, Hermes). Additionally as suggested, *“companies should also have adequate human resources for substituting temporarily the trainees in their roles until the training “course” (or any training activity) is completed.”* (M2, Zeus). It is interesting to highlight that training in the SMEs is not primarily driven by the staff “gaps” or needs or the changing market conditions and trends. These are covered and dealt by the experience gained from the job itself and by the support of the senior and more experienced managers (T1, T2, Atlas and M2, Aris). The employees face the various issues that might arise and must be able to cope with them obtaining additional experience for the future challenges while dealing with the challenge instead of having developed their skills in advance in order to better cope with emerging issues or problems and setbacks. According to both groups of subjects that have been interviewed, the HR managers and the managers as trainees, this is what has always been the core notion of these SMEs.

Upon completion of the compulsory - by law - securities commission exam which necessitates “formal” training, and once the new manager is licensed to work in the market, a very brief period of training inside the company takes place. This training is characterized by all managers that have gone through this stage as highly informal. The newly hired manager is placed in his new role where some short briefing will initially take place by the CEO or the senior managers about his new role, the company’s objectives, and what is expected from him. A significant part of

this training has to do with compliance issues, corporate governance issues as well as conflict of interest. These issues are crucial in financial environments. The following period which ranges from 10-15 days for up to a month is dedicated for learning the basics on various job tasks, duties and responsibilities. Atlas will take about a month for completing that basic stage whereas the other SMEs of the sample usually need less time. In case a new manager enters the company and already has significant market experience, especially in a managerial position, considerably less time will be provided for his/her basic training. During this time, the new manager gets accustomed to the environment getting versed with how the company operates and meet the staff. After completing this brief two-week training, the manager will start working in the new position and as a number of interviewees pointed out repeatedly, *“this is where the real training begins.”* M2, Aris). According to the subjects, the manager is usually not adequately prepared from the training he / she is to receive. *“Real work is what really trains the staff. If one does not start to deal with understanding markets, client psychology, the interdependence of international markets, currency fluctuation, oil prices, commodities in real life and in real time, then it’s all theory.”* (M3, Hermes). However, the inadequacy of the training provided at this level is also quite evident by the high number of mistakes that usually occur the first months to a year from the time the new manager entered the company, as explained by some management trainees (T2, Zeus, T1, T2, Aris and T1, Hermes). At this point it is interesting to highlight the difference of opinion among the interviewees concerning the quality and adequacy of the initial training the SMEs offer. The HR sample believes that the training which is delivered in the basic-entry stage covers a wide array of the tasks as well as the scope and the difficulties the newly appointed member will deal with, whereas the trainees blame this training for

its ill- effectiveness, limited time frame reinforced by the low interest of the trainers in some cases, and an overall informal mode of training delivery. Furthermore, the trainees in two SMEs (Hermes, Aris), revealed (and HR managers confirmed) that the mistakes that occur from the new managers in the beginning of their career in the company are penalized with a fine. Depending on the mistake, the administration decides on salary reduction for a number of months. Hermes' CEO (M1, Hermes) in his interview explained that many mistakes might occur once a new employee (and in particular a new manager) begins his/her duties. The same CEO further argues that this is quite common and they actually expect it to happen. However, in this CEO's company they follow a penal system that is based on the impact a "mistake" has to the organization. The penalty is usually salary reduction. With the unemployment rate in the country increasing, this system puts excessive stress on the new managers for increased and effective performance as the trainees in the companies confess. (T1, T2, Aris, and T2, Hermes) The same notion with Hermes was also shared by Aris, as the HR people and trainees attested. A main difference though stands in the fact that Hermes follows a harsher penalty policy having more frequent fines whereas in Aris although the penal system remains in effect, usually the manager who committed the mistake will be dismissed (and in minor cases be given a fine) (M1, Aris, and T1, Aris). For both SMEs, the higher management, (CEO and the vice president) are responsible with the fines & decisions regarding penalties (T1, T2, T3, Aris and T1, T2, Hermes). In the other two SMEs of the study, such a system does not apply and mistakes are handled with more leniency, however are also discussed among the top management.

Therefore, the entry-stage training takes place on the grounds of introducing the new manager to the company, explaining their duties and responsibilities, getting

a chance to become accustomed with the environment and meet the new colleagues, attempting also to minimize the possibility of any mistakes newcomers might fall into while trying to adopt to new position (T3, Aris and T1, T2, Atlas). In sum, the training in the initial entry stage for the new manager appears to be very basic, reactive, informal and guided - supervised by the senior / upper manager(s).

4.4 Post entry stage training

The limited frequency of management training is highly evident in the time succeeding the initial training stage provided by the company to the new managers. There seems to be no plan in place for them to know what and when things will take place. One subject noted in frustration: *“If I had left everything up to the company I would not be able to perform. I learn on my own, read, surf the internet, go to conferences when possible...OK, the company is positive about our enquiries but in reality it is too slow in delivering. There is also too much on the requirements and compliance front that we fail to see the finance part which is the substance of our work. At the end of the day our clients will rate us on the performance of the stock we recommended not the risk.”* (T1, Zeus).

The managers in the sample experience very rare additional formal training as the administration in the four companies - as the CEOs and the VPs - have admitted openly to the interviewer, further arguing that the day to day “on the job” exercise will suffice equipping the staff with the essentials to respond to their new roles and responsibilities, better than anything else, i.e. more formal and thoroughly planned

training. For instance a vice president notes, *“the financial services market is very competitive and the organization’s management faces tremendous pressure for results. That pressure is growing by the day considering the recession. Apart from the technical/functional and general skills any training course could yield, no such course can equip the trainee better than the actual job itself.”* (M2, Atlas). The types of training a manager usually experiences in the Greek stock market SMEs in the post basic training period are courses on computer software for better managing market and stock information dealing with statistical - financial analyses (ratios, market trends derivatives etc.). Some of the courses are considered basic and of great importance according to a number of subjects, thus they are undertaken within the first year in the job. The training is provided by external sources such as HR training providers or private (non-state) higher education institutes (i.e. colleges) for a short period of time, usually two weeks to a month. All SMEs in the sample confirmed that they regularly make use of these programs. Other less occurring training courses the HR people usually consider, are a number of programs run by foreign and / or Greek institutes operating in Athens, which provide specialized training in particular areas an employee, depending on his role in the organization, will have to deal with. These programs are a combination of hard and soft skills training topics that cover a great array of interest such as developing sales, presentation and negotiation skills, improving management techniques and methods, perfecting accounting practices and how to perform a more in depth and accurate financial and business analysis (T1, T2, T3, Aris, T1, Atlas and T1, T2, Zeus). Again, all SMEs’ senior management confirmed the usage of such training courses in the last three to five years, although some companies might show a preference at particular programs more than the other SMEs of the study. As a side note it must be stated that not all training courses have

been designed to cover the gaps of the companies' personnel but rather as independent efforts by the educational bodies for anyone who is interested on a personal basis to develop skills for career benefits and better employability chances. The SMEs have no influence on the structure of these courses or the decision of being offered at particular timings. These programs have "commercial interest" as the interviewees argues, and are motivated by the current market "trends" and needs being also open for everyone -inside or outside the industry- to register. Examples of these are the American CFA (Chartered Financial Analyst) qualification, or the UK's ACCA (Association of Chartered Certified Accountants) qualification. SMEs in the industry do not usually support these qualifications in Greece and when most qualify, usually leave the organization for a higher challenge as different CEOs have argued (M1, Atlas and M1, Zeus).

4.5 The effects of training: The impact on competitiveness

Having gathered the data by the interviews taken from the trainees and the SMEs' owners, the limited frequency of training as the company's intentional "ad hoc" strategy has been well established. Additionally, the selection criteria for the training programs are highly questionable as to how a boost in competitiveness can be realized on the grounds of a distinctive and skillful management workforce developed by these programs. To further add, the lack of any reference to the transfer of knowledge, the talent retention and the labor turnover rates, contribute to the conclusion that training might have not be used in the best possible way pursuing competitive advantage. Therefore, attempting to lay down the effects of training (whether positive or not) it

should be stressed that although the concept (training) is presented as a very important one, especially for the HR managers who have been interviewed, in reality it is not prioritized in the organizational agenda as a strategic term. Management trainees appear reassured regarding the minimal results such training yields for the companies' long term interest and goals and they also express great negativity as to the contribution the currently adopted training schemes, will have to their career prospects. However, the question still remain as to whether the training approached used in the SMEs can be described as either positive, negative or even neutral? In the attempt to answer this question, it must be acknowledged that although the management firmly counts on the experience obtained from the job itself and its daily trading, the training offered in the companies - from the basic stage to the supplementary courses taken in latter stages - is considered indispensable. The basic stage of training is a very crucial activity within a very crucial period for the new manager who is obliged to undertake the compulsory securities commission exam in order to obtain the work licensing to the industry. The training that will enable the trainee to become ready for the test equips the candidate with knowledge of the market and offers the insights for the this new job and the business that he will later be called to deal with. It is an introductory phase that with the quality the external training providers guarantee - as almost unanimously all subjects have attested – an easier entrance into this new market. However, given that the test is compulsory by the Greek law and all new managers will go through this, any sort of competitive advantage cannot be realized, at least during this early stage given also the fact that training providers are very few (i.e. two or three multinational companies primarily) and the programs they offer share a number of similarities therefore, all candidates undertake preparation of equal high quality standards.

As found in the research, after a new manager has been assigned a new role in the organization and the “basic training” as called by the subjects has ended, the SMEs continue to engage in training attempting to support the skills development of the trainee but in a very rare pace. *“The few training courses that are taking place are the very necessary ones”* (M1, Atlas) as a CEO explained and confirmed by most of the senior staff from other companies. In addition, these programs are in majority taken by most if not all SMEs in the industry. As explained earlier, short computer software courses, basic management and team working seminars and financial and market business analysis programs are the staples in the SMEs training agenda. *“It is very rare for a company to go further engaging in more specialized training or to put differently beyond the basic requirements”* (M3, Zeus) as described by a top manager, programs due to financial restrictions mainly and / or low trust to training as the same another subject adds (M2, Aris). As he continues, *“We know training is useful and can become a competitive advantage. However, the whole market is going through changes, challenges and we operate in a crisis. There is general sense in our whole industry that we need to focus on the critical areas for success and training has not been identified as one of these.”* This statement demonstrates the existing contradiction towards the idea of training, since although initially the managers responsible with HR matters might have confessed a positive attitude towards training, it is not employed for a number of reasons (i.e. financial pressures, priorities), re-confirming their low trust in training as a variable that could boost competitiveness.

When the subjects were asked to speak about the frequency of any training activity they have been through the last five years, they answered on average a figure of five or even less - per person - with the basic training included. It has also been

noted that all SMEs in the research have engaged into training approximately with the same intensity, meaning that no company in the sample has invested more or showcased significantly higher or lesser training frequency, a fact which strengthens the finding that training cannot be regarded as a source of competitive advantage in the case of the Greek SMEs in the sample since being so rare and de-prioritized. The researcher had purposely asked for information concerning “*the last five years*” so as to explore the situation in recent years, even though reference to the past was made through the interviews to compare past and present practices proving the low priority placed on training in the Greek financial services SMEs from the 90’s until today.

4.5.1 The importance of training for staying competitive

The absence of a concrete training strategy accompanied with minimal occurrence of training courses has been documented throughout this research. Nevertheless, this minimal highly informal and ad hoc type with the infrequent additions of formal training “installments” unrelated (in most cases) to the real management personnel needs is still considered essential by the subjects in the study. It was also stated that without this training the organizations are expected to be at a disadvantage in the competitive financial services market. It has been argued that on the job training is important for excelling and leading a market. (M1, Atlas) As mentioned earlier, only the very basic and “essential” programs are employed according the trainees, who have at instances described as indispensable. It is important to acknowledge that exactly the same training programs are used by almost all competitors in the small market of Greece. An interviewee claims that “*If for some reason the company doesn’t engage systematically with these training programs, the new managers will be*

in really disadvantaged position in comparison to other managers that would have attended such training courses.” (T2, Atlas). A new manager to this business also argues, “we all do the same training for the most part, so how not to do our jobs in a similar way too? In larger firms there are procedures, training programs, new updates and also market based trainings to choose from. We do not have many options. We need to invest personally in other ideas and opportunities as the company does not have the systems of funds in place for this.” (T2, Hermes). This comment is in keeping with the views of the majority of the trainees that can be summarized as that in the Greek stock market industry the companies operating are relatively few, with low funds and limited trust in training, where the only training taking place is the very basic and essential and the few training courses that are run are taken by the vast majority of the managers that work in the market. “Even if this modest basic training is not offered by the companies the new employees will most probably fall into numerous challenges and mistakes upon beginning their new role” (M2, Zeus) one subject comments. Another interviewee stated “when someone is hired by a company but has adequate experience in this market they will find it very helpful that they have received this minimal but still very basic training before, as things are not particularly different from one company to another in Greece making it easier to adapt in the new environment.” (M3, Atlas). Such practices have the paradox of showcasing how important the training seen in the companies actually is for staying competitive when at the same time the SMEs’ management do not and cannot really hope to reach competitive advantage based on the training organized. Money might be tight but also the companies’ owners do not believe the results will justify the cost and the time needed (M1, M2, Aris, M1, Atlas, M1, Zeus). The companies’ administration (M1, Atlas, M1, Aris and M1, Hermes) has repeatedly argued that formal training is

lacking due to the belief which suggests that on the spot training and learning while working is adequate enough to equip the managerial personnel in the various responsibilities and duties that are called to deal with. Thus, *“formal way of training is replaced in a large extent by the informal training and the experience one gets by undertaking job tasks and activities.”* (M1, Zeus).

Another point to note is that of continuing professional development (CPD) which has been in high demand since 2008 in Greece. As a higher manager emphasizes, *“it is common knowledge that managers and staff need to equip themselves with updated knowledge as new concepts, ideas and knowledge surfaces constantly.”* (M2, Hermes). The CPD's market in essence "opened" just recently. The Ministry of Education recently has started endorsing CPD's more intensely as stated by a trainee (T1, Atlas). Most professionally certified individuals must gain CPD credits throughout their career, suggesting additional training and seminar requirements which are not evident in any of the four SMEs researched.

4.5.2 Training and networking

An aspect of training which has been brought up by many subjects as indirect plus of training is the opportunity to get in contact with other professionals while undertaking the training, exchanging ideas and opinions and also meet employers and representatives of the bigger companies establishing new connections that might be a useful assistance for their career in the future. The interviews have revealed that the trainees who are selected to attend training courses in Greece or abroad are given the chance to widen their connections in the markets. This is of dual benefit for both the organization as new clients can be attracted based on the new connections, and on an

individual level, the manager / trainee can increase his career potential by meeting experienced and reputable professionals at the key positions of bigger businesses. The networking that can be achieved through training is an indirect advantage for the organization and the trainees that have the potential to lead to the attraction of new customers but at the same time network themselves. Retaining existing clients is the top priority for the companies in a time of economic crisis as a number of top managers have stressed (M1, Atlas, M1, Hermes and M2, Atlas). Any loss of customers is expected to lead to more problems and stress for the administration and the personnel alike. Therefore, any advantage deriving from social networking which can – in this case, developed via training - might be promising boosting the SMEs' competitive chances in the market.

In addition, the networking that can be achieved through various training programs such as seminars for instance can lead to a more rapid transferring of knowledge among the trainees which will be utilized later in the company's activities according to the interviewees. One states that *"by getting in contact with professionals from other companies during training you can learn a number of useful things increasing your knowledge and skills in the job you do."* (M3, Atlas). A significant percentage of the subjects in this study attested the positive effect of the networking on furthering their job competence as well as their market expertise. The subjects argue that the other trainees that they have met and kept contact with, led to the opportunity of having a number of discussions which actually offered new "informal" knowledge regarding the stock market and its' related businesses. A subject says *"I have personally drawn way more information which can really assist me on my work in comparison to the knowledge I obtained from the training itself... This transfer of information is achieved through out of work ordinary social meetings,*

the exchange of emails, or even via Facebook or Skype when someone lives in another country.” (M3, Hermes). The trainees that have attended many seminars and programs - especially in the past, i.e. before 2009 - for training purposes are in full agreement on the many positive opportunities by bringing together managers and employers from other organizations. However, the same subjects also argue on the decreasing number of similar training opportunities nowadays which in turn diminish the chance of networking.

The view on training induced networking is clearly a positive one, and many trainees feel it somehow completes to some extent the lack of a more extensive management centered training. However, the management of the SMEs fails to continue taking advantage from it since training opportunities have been reduced. It seems that although the organizations’ owners state their full awareness of the potential benefits of training towards networking, they still don’t feel is enough for justifying a higher training prioritization and investment as evident by their actions and their strategic agenda.

4.6 The absence of employee engagement

One important point to discuss is that of employee engagement. Training can be seen as a way to engage employees and this point was not directly mentioned by any of the subjects, although it was implied in several occasions. One subject from HR stated *“We know that training is a benefit for employees and one through which both company and employee can gain benefits and work closer for common goals...From*

our part we feel that knowledge is positive in all its aspects and employees gain at the same time as the company.” (M3, Hermes). However, from the side of the trainee, the comments were slightly different. *“They should help us by understanding what we need, not what they think we need.”* (T1, Atlas). The effort of engaging the employees by the SMEs has failed according to the trainees’ side of view. By the answers received the difference of opinion in relation to the training employed and its effects between the two groups of subjects becomes quite evident. In most instances of the research, there seems to exist, a great dichotomy on how things are seen inside these SMEs between the two groups questioned. Quite evidently, the management has decided upon a number of training activities which they thought is enough for covering their managerial staff needs given the current market trends and criteria although they believe more would have taken place if ample funds were a given. On the other hand, the managers / trainees feel let down by the company’s training effort and design, although they purposely do not express their unrest openly inside the organizations as they reveal, in fear of harming their relationship with the higher management. A strong argument put up by the trainees relates to the fact that serious training needs analysis considering the company’s training needs, is not taking place. That explains to some extent the contradicting view between the two groups on the degree employee engagement is actually achieved in the SMEs. In reality, such environment drives the employees to react in individualistic terms thinking of how they can obtain the knowledge from the job itself and the people they get in contact with by the market in order to achieve the transfer of knowledge which is missing by the training seen (or not seen at all) in their SMEs. At this point, it should be highlighted that higher management is aware of this, considering the market’s small size and the common practices which have been going on the past years. They even

actually expect the employees to act like that, as the HR people have revealed in the interviews as this is how they acted in “their” career climbing up the ladder of organizational hierarchy becoming CEOs. Thus, it appears as a matter of common organizational culture and practice in the SMEs operating in the financial services following this training approach making one to think whether that strategy is the result of the lack of funds or is an intentional decision driven by the market traditions for the past ten plus years and which are regarded as appropriate on grounds of a cost-reward analogy that has been brought up a lot by the SMEs owners while speaking of what they consider as important business strategy drivers. *“We might have faith on the positive outcome of training, and make no mistake we would have employed more if we could afford but with the current parameters taking into consideration such as the economic crisis, the political instability and the shortage of personnel we put a limit on the training expenses as we firmly feel that more investment on that department will not yield extra benefits at this point.”* (M1, Atlas).

4.7 Training needs assessment and evaluation of training

In the previous sections, the lack of training needs assessment or analysis has been mentioned as the interviews supported the assumption of training being neglected. Therefore, the companies run the risk of experiencing operational gaps, challenges and setbacks since by lacking training needs evaluation the staff will most likely is not going to receive the appropriate and accurate supporting training for developing its’ weaknesses. The absence of such assessment as a part of an overall training strategy leaves the organizations in effect vulnerable to sudden changes in the Greek and

global market. Again, it has been identified through the field work that the reason to not perform training needs assessment is primarily a combination of low trust to such activity and a shortage of staff that doesn't allow for adequate time to perform a formal assessment while not get distracted by the everyday on the job action. Nevertheless, time constraints and personnel shortages aside, it is profound that the managers responsible for the decisions around training issues, do not prioritize and they do not link training and training needs analysis with an increase in competitiveness. By not engaging in training needs evaluation, the SMEs are missing the opportunity to identify true areas of concern among their staff, training requirements, staff competencies and most probably trends over time.

Investigating the evaluation that takes place once training has been completed, it is evident from the sample investigated that training evaluation in the SMEs of the sample does take place. One of the HR subjects interviewed stated, *"of course we evaluate and we keep them on file to have them if required. If there is a problem we find out immediately usually as all those involved are very open."* (M2, Aris). In contrast with the training needs assessment that is almost entirely absent, the evaluation of the results of training performed is actually included in the SMEs' agenda but in a rather informal way. Regarding the process that is used, once the training has finished, within a rather short period of time averaging between one to four weeks the trainee is called by a senior manager for an interview, although there has been revealed by the trainees that sometimes that interview never happens, still in the most cases it will take place. The interview has the form of a relaxed conversation where the manager responsible with HR matters will ask various questions with regards to the opinion the trainee has about the training he received, whether it has been of any benefit in his job tasks and about the quality of the training itself. In

addition, the trainee must fill a report or a questionnaire which in conjunction with the HR's report will be filed and send to the CEO and the HR department (if the company has an HRM section) for further consideration. However, in some companies the interview is the only means of evaluation as the report is not included in the process. At many instances the interview will be performed by the CEO. It is not unusual for the companies to not really consider the evaluation performed at every occasion as the trainees have complained numerous times during the interviews, since various objections have been filed or expressed in the open for the content, the quality and the delivery methods of training but no action or a different route has been selected or followed regarding the trainee's complaints and observations. As one subject stated *"Some of the trainings are either so basic or not worth it at all. They never ask us before the training. Only after..."* (T2, Zeus). The HR managers justified their lack of actions to those objections by arguing about the limited array of training courses that are offered domestically since the funds usually do not allow for training abroad at the moment. This point was not however reinforced by the trainees themselves. In addition, some the HR managers stated that the complaints which are coming from the trainees side is the product of high career aspirations which make them very demanding on the issue of training at many instances. On the other hand, the trainees when asked to evaluate the training they have undertaken, they mostly commented that they wish they could see substantially more training and they also argued about the very limited scope of the current training and the very low frequency which occurs. Evidently a subject argues, *"many times I have attended a training course, my company send me to participate, which at the end I felt it was not of any real usage or assistance to me. I just hope the company will better assess the training programs*

offered in the market nowadays sending its staff to the more useful ones.” (M1, Hermes).

The above points suggest a sense of confusion in terms of the role of HR as well. Trainees complain about the trainings being offered while HR feels that there are not many opportunities available. There needs to be better coordination and communication between the two sub samples in order to find a solution to this problem.

4.8 Summary of research findings

In this section two tables (2 & 3) summarize the primary research findings. Table 2 presents each SME on the left column and the answers each manager has provided in relation to the research questions. Q1, 2, 3, 4, 5, stand for the following research issues:

Q1. Identification of the types of training used in Greek SMEs;

Q2. Identification & assessment of the training process; (organization & delivery);

Q3. Identification and evaluation of tacit knowledge generated and circulated/delivered inter-organizationally;

Q4. Examination of the impact of management training in relation to competitive advantage;

Q5. Evaluation and effect of EU and government policies on the SMEs’ training;

Table 4.7**Cross case analysis**

Org.	Q1	Q2	Q3	Q4	Q5
Atlas	Securities commission exam, other management *1 and non-management *2 training seminars, sessions and conferences.	Overall training strategy is not set up in advance. Ad hoc -reactive- approach is followed. Training is offered by training providers such as multinational HR companies and other educational organizations, i.e. colleges.	Tacit knowledge is circulated via day to day on the job activities and also in apprentice teaching mode.	Training is not enough to provide the basis for reaching competitive advantage. However, training overall is viewed positively and the demand for additional training in the company is a given.	The company does make use of some training funding offered by the EU and the Greek government. However, the funding covers a portion only of the cost and the re-payment takes time. Some of the managers are not aware of the funding at all.
Zeus	Securities commission exam, other management *1 and non-management *2 training seminars, sessions and conferences.	Overall training strategy is not set up in advance. Ad hoc -reactive- approach is followed. Training is offered by training providers such as multinational HR companies and other educational organizations, i.e. colleges.	Tacit knowledge is circulated via day to day on the job activities and also in apprentice teaching mode.	Training is not enough to provide the basis for reaching competitive advantage. However, training overall is viewed positively and the demand for additional training in the company is a given.	The company does make use of some training funding offered by the EU and the Greek government. However, the funding covers a portion only of the cost and the re-payment takes time. Some of the managers are not aware of the funding at all.
Aris	Securities commission exam, other management *1 and non-management *2 training seminars, sessions and conferences.	Overall training strategy is not set up in advance. Ad hoc -reactive- approach is followed. Training is offered by training providers such as multinational HR companies and other educational	Tacit knowledge is circulated via day to day on the job activities and also in apprentice teaching mode.	Training is not enough to provide the basis for reaching competitive advantage. However, training overall is viewed positively and	The company does make use of some training funding offered by the EU and the Greek government. However, the funding covers a portion only

		organizations, i.e. colleges.		the demand for additional training in the company is a given.	of the cost and the re-payment takes time. Some of the managers are not aware of the funding at all.
Hermes	Securities commission exam, other management *1 and non-management *2 training seminars, sessions and conferences.	Overall training strategy is not set up in advance. Ad hoc -reactive-approach is followed. Training is offered by training providers such as multinational HR companies and other educational organizations, i.e. colleges.	Tacit knowledge is circulated via day to day on the job activities and also in apprentice teaching mode.	Training is not enough to provide the basis for reaching competitive advantage. However, training overall is viewed positively and the demand for additional training in the company is a given.	The company does make use of some training funding offered by the EU and the Greek government. However, the funding covers a portion only of the cost and the re-payment takes time. Some of the managers are not aware of the funding at all.
Summary	Securities commission exam, other management *1 and non-management *2 training seminars, sessions and conferences.	Overall training strategy is not set up in advance. Ad hoc -reactive-approach is followed. Training is offered by training providers such as multinational HR companies and other educational organizations, i.e. colleges.	Tacit knowledge is circulated via day to day on the job activities and also in apprentice teaching mode.	Training is not enough to provide the basis for reaching competitive advantage. However, training overall is viewed positively and the demand for additional training in the company is a given.	The company does make use of some training funding offered by the EU and the Greek government. However, the funding covers a portion only of the cost and the re-payment takes time. Some of the managers are not aware of the funding at all.

*1: management training = time management, team-working, leadership, HRM, strategic management;

*2: non-management training = computer software, finance related, market analysis, stock market related.

Table three presents the findings from each source in the SMEs for each research question (Q1, 2, 3, 4, 5).

Table 4.8

Cross source analysis

	Q1	Q2	Q3	Q4	Q5
Documents	Securities commission exam, other management *1 and non-management *2 training seminars, sessions and conferences.	Training is offered by training providers such as multinational HR companies and other educational organizations i.e. colleges.			The company does make use of some training funding offered by the EU and the Greek government.
Group A	Securities commission exam, other management *1 and non-management *2 training seminars, sessions and conferences.	Overall training strategy is not set up in advance. Ad hoc –reactive- approach is followed. Training is offered by training providers such as multinational HR companies and other educational	Tacit knowledge is circulated via day to day on the job activities and also in apprentice teaching mode.	Competitive advantage can be achieved by the training offered. But it could have a greater impact if more financial resources were allocated on training.	The company does make use of some training funding offered by the EU and the Greek government. However, the funding covers a portion only of the cost and the re-payment takes time.

		organizations, i.e. colleges.			
Group B	Securities commission exam, other management *1 and non-management *2 training seminars, sessions and conferences.	Overall training strategy is not set up in advance. Ad hoc -reactive- approach is followed. Training is offered by training providers such as multinational HR companies and other educational organizations, i.e. colleges.	Tacit knowledge is circulated via day to day on the job activities and also in apprentice teaching mode.	The competitive advantage can't be reached solely by the current training provided. Training is severely reduced for having a big impact on competitiveness.	The company does make use of some training funding offered by the EU and the Greek government. However, the funding covers a portion only of the cost and the re-payment takes time. Some managers are not aware of the funding at all.
Summary	Securities commission exam, other management *1 and non-management *2 training seminars, sessions and conferences.	Overall training strategy is not set up in advance. Ad hoc -reactive- approach is followed. Training is offered by training providers such as multinational HR companies and other educational	Tacit knowledge is circulated via day to day on the job activities and also in apprentice teaching mode.	Training is not enough to provide the basis for reaching competitive advantage. However, training overall is viewed positively and the demand for additional training in the company is a given.	The company does make use of some training funding offered by the EU and the Greek government. However, the funding covers a portion only of the cost and the re-payment takes time. Some of the managers are not aware of the funding at all.

		organizations, i.e. colleges.			
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*1: management training = time management, team-working, leadership, HRM, strategic management;

*2: non-management training = computer software, finance related, market analysis, stock market related.

4.8.1 Conclusion

Interview answers indicated a clear absence of a training strategy in the SMEs operating in the Athenian stock market. The ad hoc mentality that apparently underpins the companies when it comes to management training as well as the lack of serious training needs assessment and the informal method of evaluating the training itself raised a number of complaints and concerns by the second group of interviewees - the management trainees - regarding the impact these practices have or will have on the operation and the performance of the organizations. The financial crisis which has been referred to in many occasions by the HR people for explaining the lack of training strategy, does not appear to be the only reason. Even before the market became affected by the economic crisis, the companies still never seemed to rely so much on management training for boosting their competitiveness. The practices of the Greek financial services SMEs evidently showcase reliance on the day to day job activities and on the experience gained by the interaction with the clients and the various operations – in other words the informal method of training and the circulation of tacit knowledge from the senior to the newly hired managers. It should

be noted that all managers responsible for the HR function have suggested that they view training overall as something very positive that is always a strong add-on, but in practice they do not prioritize it highly, refraining spending a higher amount of the organization's annual budget for that purpose. In addition, the SMEs strongly believe at keeping their clients as a major priority, especially during this crisis the market endures. Moreover, a clear dichotomy between the HR decision makers and the manager trainees exist. The positive aspects of training that HR managers seem to advocate, at least in theory but totally lack in real practice, is the main argument brought up by the trainees who actually demand further dedication and real investment on the training itself. They argue that since training is such a beneficial factor as the SMEs' administration claims to be, than despite the financial drawbacks, significant effort should be made to shift the strategy that will allow committing substantially higher budget into that purpose. That dichotomy however has a paradoxical point. As group B subjects (the trainees) have attested that their unrest regarding the lack of training goes at most instances unspoken as many managers prefer to not express their either out of fear of "damaging" their relationship and status in the company or because they have accepted the existing status quo. As employees in Greece and in this specific sector it is argued that they are aware of the "common organizational culture". Moreover, the actual training that is offered in the SMEs of the sample is not management centered in many occasions as usually the employed training courses revolve around rather functional and / or of general interest work matters than management. Areas such as leadership, HRM and strategic management are not included in the training agenda.

Finally, one needs to highlight the power structure of the companies researched. The SMEs appear to concentrate all their power and management

authority in the hands of the CEO primarily and the vice president, who are responsible for the HRM issues among others. Without having any distinction between family or non-family companies of the sample, these are the ones who will decide which training, where, and who attends. These are also the ones who will perform in most cases the evaluation of the training which took place in a somewhat informal manner. Therefore they are the ones who actually manage their organizations. Apparently, the title “management” is given to some employees without really enabling them to practice their own management in the divisions they supposedly are in charge as the company’s administration will dictate and filter the options and decisions to take place. The division managers in the majority of cases are in essence obliged to first ask for a review of their recommendations before taking the action. Thus, management training is heavily dependent on the experience, the education, and the opinion the higher management / administration of the organization has towards training.

CHAPTER 5

5. Introduction

In this chapter, the findings that retrieved during the field work of 2014 –the follow up primary research- are presented and discussed. The chapter is divided in three major thematic areas: a) current training practices and what have changed since the initial field work (three years ago), b) knowledge management: 1 Knowledge creation and 2 Knowledge circulation inside the SMEs, and c) training and competitiveness.

5.1 The SMEs in the 2014 field work

In 2014, another primary research was conducted on two SMEs. These two SMEs have been also investigated in the initial field work of 2010-2011. The companies are Zeus and Hermes. The researcher interviewed five subjects of each company three from Group A –HR decision makers- and two from group B –managers / trainees. Four of the five subjects in Zeus and three out of five in Hermes were also interviewed in the research of 2010-2011.

The overall organizational structure hasn't changed since 2011. The departments divisions appear to be the same (i.e. finance department, brokers division, back office, accounting office, IT department) and the number of employees has been altered only slightly indicating that the SMEs still hold against the crisis although loses in profit and clients are noted as the interviewees admitted. The SMEs have reduced their number of staff by two or three employees which is minimal and

the losses in both total revenues and net profit have been approximately around 15-20% in comparison with three years ago. All personnel remains 100% of Greek origin and the offices (or departments) have usually only one employee acting as the “person in charge” or the “office manager“, performing all activities related to his office duties. There is also, as spotted in the initial field work, significant and frequent cooperation between the various divisions, one assisting the other when needed since the CEOs and vice presidents (the most senior managers in the companies) strongly condone such activity. The vast majority of the organizations’ clients remain from the Greek market. Hermes is the only family business of the two SMEs in this research sample. Overall, very little have changed from the interviews of 2010-2011 structure wise. Below is a table presenting the companies’ basic profiles. The information presented here has been gathered by the interviews and the financial reports and other documents retrieved by the companies in 2014:

Table 5.1

Basic information of the two SMEs researched (Financial data, 2014)

Org	Est.	Employees	Revenues (mill €)	Profit (mill €)	Family business	Annual budget % spent on training
Zeus	1960	47	8.1	1.2	No	1%
Hermes	1991	45	8.0	1.2	Yes	1%

The following tables indicate the profile of each of the subjects and the impression the researcher gained during the interviewing:

Table 5.2

ZEUS:

Position	Gender	Age	Education	Experience (Years)	Researcher's impression
CEO	Male	52	Business	27	Calm
VP	Male	48	Business	26	Stressed
IT manager	Male	41	Computer networks	16	Stressed
Client service manager	Female	35	Marketing	12	Calm
Broker's manager	Male	33	Finance	10	Out of interest

Table 5.3

HERMES:

Position	Gender	Age	Education	Experience (Years)	Researcher's impression
CEO	Male	63	Finance	35	Stressed
VP	Male	54	Business	30	Out of interest

Accounting manager	Male	32	Accounting and finance	9	Stressed
IT manager	Male	33	Computer programmer	11	Calm
Back office manager	Female	31	Management	9	Energized

The table below explains the abbreviations given to the interviewees. The managers in each SME belong to the group A (HR decision makers) and the trainees belong to the group B (the managers / trainees):

Table 5.4

Subjects abbreviations:

Company	manager	Manager	Manager	Trainee	Trainee
Zeus	M1	M2	T1	T2	T3
Hermes	M1	M2	T1	T2	T3

5.2 Current training practices and what has changed from the initial field work

5.2.1 Training for the work license exam

The primary research work that has taken place in 2010-2011 has revealed a sequence of activities a new manager has to undertake when entering the market of financial services in Greece. Working for the SMEs in the sample of the initial field work, the new manager starts his career in this industry by being examined for the obligatory by the securities commission test in order to obtain the license for allowing him to work in the company legally. In 2014, the system of licensing has not changed and all new managers have to go through this process. *“The securities commission has ordered all the companies, big or small to send any new employee through this test....the government has passed the last years laws (regulations) like this in many if not all the industries in Greece, i.e. insurance market and others, therefore it is an hassles and an expense all companies must go undertake”* (M1, Zeus). The CEO of Zeus referred to this process as “expense” implying the money the employer has to pay for the preparations the candidate receives which is at the cost of the company that is hiring him. These preparations are usually described as “training” by the majority of the subjects who view this as the first training the hiring company provides to the staff. Moreover, this “training” is considered a serious, important and very formal one. For instance Hermes’ president stated that *“our company will take the candidate form zero and introduce him in a new market offering him the tools for personal success. This career starts with the excellent training we in association with a big, world class American training company, will provide him”* (M1, Hermes). Another one has said,

“all candidates upon hiring will be examined for gaining the license to work for us by the securities commission. Although that sounds demanding and stress-full for the new employee, our company takes every measure for ensuring total success for the candidate in this exam, as the training we are providing is top class and the rate of failing is very minimal” (M1, Zeus). The fact that the training as preparation for the license exam is provided by a small number of specialized training providers has not changed since the initial research of 2010-2011. The two SMEs in this sample still continue to trust these multinational companies on this task. *“They are the best out there for guarantee results”* (M2, Hermes), and *“their experience for best preparing employees for this task (the test) is a safe bet for our company”* (M1, Hermes) what some interviewees had to say about the training providers the SMEs are selecting to prepare the candidates. The interviews showed the high credibility the external training providers enjoy in the Greek market of the financial services. The training they offer has been characterized as world class and very organized according to both groups (A and B).

5.2.2 Training post license exam: The informality and the CEO’s control

Those who have passed this examination confirmed a low rate of failure among the candidates of the securities commission examination. However, it is interesting to see if things have changed from the first field work, regarding training after the license is given and the new manager has entered the company working on his duties. The interviews of the initial primary research showed a very rare occurrence of formal training and an over reliance on informal pathways for delivering knowledge to the staff and circulating these knowledge inside the SMEs. Things don’t seem to have

been altered today as subjects confirmed the same practices still occurring. Considering the group A –HR decision makers- responses, the researcher realized that the absence of a plan with long term goals for overall employee development is not in place. The ad hoc nature of the training approach is followed remains three years later. The companies decide whether they will employ training on the basis of an arising need, meaning that if a good job is undertaken which can't be adequately covered by the company's staff knowledge and skills, additional training will be offered in order to fill up this gap and perform the tasks needed to complete the job. This is a reactive approach where money is invested only if a case is relatively safe to offer a sound return on investment. The finances are very tight and actually appear to be tighter than it was three years back and this is confirmed by the sayings of the CEOs of both SMEs. *"The crisis is not getting better and we are very careful as to where we spend our money. We don't have the luxury to risk on an investment which doesn't seem to be relatively safe enough"*, Hermes' CEO suggested. A manager / trainee argued also that *"year after year the administration is cutting any unnecessary cost and training investments are very tight now indeed...the situation in the market and in Greece in general is not getting any better"* (Zeus, T1). The training courses that appear to take place very occasionally are about computer software, team working seminars, time management, working under stress lessons, and some accounting or finance courses mostly. Limited financial resources is still being used as one very critical reason for not investing more on training but as the 2010-2011 interviews have revealed, training has never been prioritized even when money were not so limited years before the financial crisis has impacted the Greek economy. However, it has been noted that since 2011 training occurrence has decreased even further. *"We have witnessed roughly a 30% fall in training courses occurrence the*

last three years”, a manager (Zeus, T2) confessed. Another trainee (Hermes, T1) suggests the link between finances and training frequency by saying, *“the less financial capability there is the less training we will see....is that simple”*. Admittedly, the subjects of both groups strongly feel that the low frequency in training is a direct result of the low investment ability of their companies. In the initial field work, although this reason was evident mainly in the HR decision makers of the group A, the group B was not so much convinced as it appears to be now, in 2014. This does not mean though that managers / trainees are satisfied with the level of training and the frequency it is delivered by the companies currently. They still demand more as they have attested in the interviews but they also still remain generally silent at expressing these demands freely and repeatedly to their “bosses” as they don’t wish to look “rebellious” or over demanding during a crisis time, as a subject described. At this stage the managers / trainees prefer to look more sympathetic to the difficult times the organization is enduring and show greater understanding in order to avoid getting under the spotlight in a negative way from the CEO and the rest of high management (i.e. the vice president). This however has further stimulated the idea of these managers to seek another opportunity in a bigger organization in Greece or even abroad as there is a common belief among the group B interviewees that in these bigger companies the training opportunities are greater and the career prospects way more optimistic. For instance, a manager in Hermes attests, *“we might understand that money are not enough for employing additional training but we knew that in advance as it is common the smaller companies to not be in a position to rival the big especially multinationals on the aspect of training. Thus, I always have the option “on” to move in such a company so I could gain more (formal) qualifications and extra experience with more powerful clients and very*

important duties / tasks to deal with” (Hermes, T3). As it appears the SMEs in the sample of 2014 field work have in common with the SMEs participating in the initial research their rare engagement with the practice of formal training. Their training is rare, it is reactive -rather than proactive- and it is entirely ad hoc – acting on a certain purpose, for a certain occasion. At this department therefore, nothing has changed since 2010-2011.

The previous field work had identified that the companies intentionally have compensated the absence of formal training with the employment of informal pathways of doing training. It has been an important goal for this round of interviews to realize whether this has remained the same or the approach has witnessed any alterations. So far in the data the researcher gathered from the latest interviews of 2014, it has been discovered that the training which a new manager experiencing in the Greek financial services industry is the preparations for the securities commission exam which is delivered by external –to the SMEs- training providers and has a formal format with courses and classes, than there is the rare and sporadic training courses or seminars or conferences which are considered as formal training by the human resource decision makers of the companies (group A), where these too have classes and possibly exams in some cases, where official diplomas as qualifications are being given upon successful completion to the candidates (the managers / trainees). This training however seems not being enough for equipping the new manager in his hard tasks in a very competitive field as this of the industry the SMEs of the sample are operating. Therefore, the “burden” for supporting these managers in their work has fallen to the “informal” training, which was identified to be the primary venue used by the organizations in the first field work also of 2010-2011.

This informal training serves the purpose of actually teaching the trainees how to behave, respond and approach their everyday managerial tasks. *“What is not taught in classes with formal courses and instructors is learnt the hard way directly on the spot”* (Zeus, T2) is how a trainee describes in his own words the training experience in his company. Another one (Zeus, T2) comments that *“they don’t train us but rather we actually learn how to “swim in the deep waters” straight away....we start working immediately with some guidance by the more senior employees who usually work in another office or even in the same with us, and certainly by the guidance of our boss (the CEO)”*. These two comments are in the same line with the rest of interviewees who have described approximately the same situation in both companies. Of course this does not come as a surprise as the exact results were gathered in the initial primary research and obviously they didn’t change until today and as the subjects revealed, things are not any different in other SMEs they happen to know (from their friends or relatives or even former associates who work there). This appears to be a “de facto” approach for the SMEs on how training should occur in Greece. Learning while working immediately once the license is obtained seems to be the norm in all cases that have been interviewed. The time for acclimation for the new managers / trainees ranges from two to four weeks and during this time there is a sort of coaching by senior members of the staff and the CEO or/and the vice president. Of course there is always the possibility of “making mistakes” while “learning by doing” but this doesn’t seem to be enough for altering the approach used in the SMEs currently.

In the same vein, informality is also clearly evident based on the complete lack of training needs assessment, a trait which has been revealed from the first field work and continues to be the case nowadays. Even if more training was to take place, with the total absence of formal evaluation of what is lacking from the company today that

a particular training could enhance or who needs to be further trained, no training – randomly chosen if not planned on the basis of current needs- could have good enough chances of making a difference in the areas the company actually needs it the most for whatever the goal is, either added competitiveness or mere survival.

In addition, the CEO latter is proved to be the primary determinant of the decisions and actions inside the company as all other managers' decisions or even suggestions and plain actions are filtered by him and whatever "doesn't seem right" according to his views and experience will be cancelled. This of course has been a reason for letting the subjects of group B less than satisfied as seen in their responses during the interviewing. They are suggesting that they can't exercise their tasks as they think is the most suitable and productive for the company's interests and they can't take initiatives. *"Many times we are in total disagreement with the CEO's final say on a subject we have personally worked upon"* a manager complains (Hermes, T2). These constitute their biggest complaints over the highly patronizing administration as some of them like to describe their CEO, and even call him the "boss" in the discussions with the researcher - but not in the open. After a while as the managers realize that to oppose the high management's way is fruitless they stop pushing their say against the will of the owner / manager and actually learn to play along with his views, group B trainees have attested, with one of them saying, *"there is no reason to try pass something when I know in advance there is no way to ever happen. I will lose and in addition I will be the guy who creates the problems to the ownership, so I go with their flow"* (Hermes, T1). This in conjunction with the close monitoring the owner / manager has over his staff create a strong sense of "mentoring" which is however applied in a rather forced manner. This reality doesn't constitute for the trainees a reason for being "overly happy", but at the end it becomes

well accepted and that makes the president of the company the absolute “boss” over anything and everyone in the organizations that have been investigated.

5.3 Knowledge management: Knowledge creation and circulation inside the SMEs

One very important issue for this primary follow up research in the Greek SMEs has been this of knowledge management. For the purpose of best investigating this area, the concept has been divided into two sub categories. The first deals with the area of knowledge creation, and the second refers to the way knowledge is circulated within the companies. Asking the subjects of both groups how they think knowledge is generated in their SMEs the researcher gathered a number of important answers which share a common feature. This feature leads back to the high management of the organizations, in other words they lead back to the CEO and the vice president and to the senior members of the staff. More analytically, the group A whose subjects are HR decision makers – the CEOs and senior personnel, have described the “creation” of new knowledge as a practice that derives by the company’s everyday interaction with the market. The major argument of the CEOs and other higher management executives concentrates the birth of new knowledge to the everyday routine practices, where the managers and the employees working for the company will face the challenges and the tasks in the pursuit of achieving the corporate goals satisfying the customers and making sure the financial services provided are the best they can be within or even beyond (as the some CEOs have stressed) the company’s capabilities. Upon further clarification on the subject a interviewee has said that *“our top guys responsible for the hard tasks will go out and deal with the issues they have to deal*

with every difficulty, every obstacle being an additional lesson for making them better each time...after every hard situation, successfully completed or not, the new manager will be equipped with more knowledge...more knowledge which is gained during the job its self, or during a problem possibly” (M2, Hermes). The key in this case according to most subjects from group A is the interaction with the job itself, the learning by dealing with the problem is what offers the extra knowledge. *“Every time you get a job done, is not only a step towards your goals and the company’s objectives but also it is an extra qualification in the sense of the new additional knowledge you gain out of the process”* (M1, Zeus) another CEO answers. The focus stays on the “learning by doing” in the responses of this group.

Looking though on the responses collected by the second group - group B - who are the managers as trainees, it becomes apparent that there are some common points but also there are some additional points of great interest for the practices and overall corporate mentality in relation to knowledge creation. The common point is the “learning new things by doing the job everyday which the group A has stressed as it seen in a number of appearances in their statements. There is also another dimension put in the discussion which refer to the whole “patronizing environment” that exists in the SMEs as many subjects of this group have attested. This environment is patronizing towards the company’s staff and most importantly towards their managers by the CEO and the senior staff, i.e. the vice presidents who both account for the organizations’ members with the most years of experience in the company and in the market as well. The issue of influence (or patronizing) has been brought up in numerous cases in the interviews. It reaches a state of being presented by the new managers as a complaint really. However it seems to have been accepted by the personnel as no actual complaint to the administration is “officially” submitted

or even discussed further. In the previous section it was mentioned that the new managers have limited control over what they can decide or act upon no matter if they are in charge for a certain division or office in the SMEs and the relevant to that division calls fall under their jurisdiction. That was described as a great intervention by the CEOs, who always filter their managers' actions and have that final "verdict" of what will be done. As explained by the interviewees, the CEO and his senior staff, during the initial period of acclimation which is considered as the basic training for the new staff, will "teach" the new ones how to deal with the various duties they undertake from that moment on. Of course they argue (the managers / trainees) the president of the company is the determinant of the any aspect during training period as he has those responsible with "showing around" the trainees, taught what and how to "show them" or "teach". This implies a direct intervention by the part of the ownership and it has been confirmed by the sayings of the CEOs to a large degree as well, *"the administration as holding more experience is obliged to plan effectively the initial basic training for the new managers...those who will be in close contact with the new ones have more years in the company and are guided by the management on what should prioritize during this period as some aspects are way more important than others in helping the rookies to adopt fast enough in the market challenges"*, a CEO explained (M1, Hermes). The intervention however does not stop there. Post acclimation period, the managers will undertake the various job tasks but they will be in close contact with the CEO and his vice president. At this point it is taken for a fact that there will be a strict filtering of the actions and decisions that will be decided by the new managerial staff for an extended period of time. What the subjects have confirmed is that the high management has a direct influence on their managers by providing direct advising, and consulting on the issues they face day in and day out.

This can be seen as a form of mentoring but the group B subjects expressed feelings of anxiety and pressure by this kind of continuous “guidance” since, as they argue, it is a straight intervention in their work and in the way they feel comfortable to operate a task or acting on a job. They say that the CEO will ask them to do what he thinks is the right way and he expects the managers to follow his advice no matter if they might feel they can complete the task differently. A manager (T3, Hermes) argues that *“the CEO have such a strong influence on the everyday works that after a point he is the one who will tell us what to do, where to better refer to for completing a task and how to approach each detail of the issue or the occasion”*.

Getting back to the responses the group A has offered, it is seen that the CEOs and the vice presidents are primarily concerned to ensure that the new managers will adapt in the new environment as quickly as possible and the fact that more formal training is not provided has been a reason, or excuse from their side for intervening up to that level advising and guiding so closely the new trainees into their new roles. One argues that *“we don’t expect them to know everything in advance. That would have been unrealistic by us. What we do is making sure that our knowledge will be transferred to them effectively equip them with what they should know based on our extensive experience in this job, in this market, so they will minimize mistakes optimizing what they have at hands to best complete their heavy workload in every and each case”* (M1, Zeus). Considering the inexperience state the managers / trainees are when entering the company and since they have just passed the securities commission licensing exam, implying also that this is a new industry for them, the close guidance the ownership provides it is totally a new experience for them. However this argument tends to be overlooked by the trainees because of the strict filter and control which has been exercised on them since the beginning and also due

to the fact that as being hired in a smaller company which doesn't have an extended managerial structure they expected more freedom and subsequently more faith on their decisions, actions or abilities and less oversight on what they will be doing. That has been a common complaint and argumentation from some interviewees of the group B.

On the other hand, no subject from the A group has ever attested that there is no faith on the new manager's abilities or knowledge but they are just assisting by being in close control both for them and the interests of their company. One has argued that *"this close monitoring will not last forever...after a point and once we are sure that the manager has now the proper knowledge of the market needs, traps, tricks and tactics, we will loosen up this control and the manager will act more independently on its own having our experience passed to him"* (M1, Hermes). According though to the claims of the managers / trainees, this close monitoring has been carried away more than they have expected or wished. One said *"we expected this mentoring to be evident in the first place as we entered the company and we actually wanted it to be. But, this seems to never cease to apply in the jobs we are called to deal with under our role"* (T1, Zeus).

Considering the responses the researcher gathered by both groups and after analyzing the evidence, it can be argued that when the issue of knowledge creation and circulation is at brought up in the discussion with the subjects, a few things are very evident. The patronizing and strong intervening profile of the CEO and the senior staff via the ongoing monitoring of the managerial staff becomes a source of new knowledge for the new managers. The senior managers pass their knowledge and vast experiences to the new managers from the moment they enter the company by keep a close contact, essentially mentoring, advising and guiding much longer than

the basic training period. Additionally, the everyday interaction with the market and the tasks that are completed is another major source of generating new knowledge, which automatically becomes an asset for the employees involved as it will assist their effort in the future in order to face similar market obstacles. These two sources of knowledge appear to have substituted formal training. It is true that the inclusion of more formal systematic training would have shot the cost and budget to unreachable skies, something unfeasible for the time being in a country financially seriously depressed. However, the question remains; would additional training have boosted the company's competitiveness higher or the current training model is after all, a good and cheap solution for any SME competing against the market multinational giants that regardless the economic occasion are still capable to invest greater amounts of money for formal training?

5.4 Training and competitiveness

Two field works on the Greek financial market SMEs have confirmed the lack of formal and extensive training. Based on this alone, the answer whether training can be a source of competitive advantage or if it can boost the company's competitive prospects are extremely limited. However, the presence of informal pathways of training in the form of "mentoring" and "coaching" by the SME's most experienced administration members, the learning by doing and the interaction with the market on an everyday basis has substituted the need for formal training. After all, this ad hoc approach is a deliberate strategic move by the management both out of necessity – lack of funds- as well as due to the results it produces. According to the SMEs' CEOs, this practice provides the new trainees with the essentials to cope with their new roles

in the company. They feel that by keep close contact and continuously provide consultation and guidance to their managers they will become better and the corporate goals will be met. The administration believes very firmly on the experience the job itself offers form the interaction with the market and the clients on an ongoing basis. This in conjunction with the tight monitoring they believe is enough for responding effectively to the needs of the market for surviving and competing against the bigger businesses –i.e. multinationals, although they understand the gap in budget and potential it exists between the big companies and SMEs. Having these in mind, it is hard to argue that some form of training is not taking place. What can be argued instead is that formal training which usually takes place in a class, or has a set period of time to be accomplished, or it is performed by a formal instructor with examinations and proper evaluation and a degree or certificate which is given upon completion, is what it's really absent in these organizations. Training is indeed provided, just in an informal “on the spot” fashion. Of course there are many trainees who demand more training and feel less happy with this system but at the end they accept and embrace it and play along these rules confirming that this is the reality regarding training in Greece on the SME level.

What is interested to conclude is whether this approach is the most appropriate in terms of effectiveness and if it boosts the companies into higher competitive level. As presented in the initial field work, official rankings in this market in Greece do not exist. Out of the interviews though it has been evident that the SMEs of the sample are approximately in the middle position among the companies, the big and the small, that compete in the market. That is based on the personal estimation of the subjects. Although, some documents have been retrieved by the SMEs showcasing the budget, the net income, and the number of clients which provide a basis for drawing some

conclusions for the performance of each company, no documents were available from other companies outside the research sample and even within the sample some SMEs couldn't provide the researcher with even some general information regarding the finances and the performance, possibly due to unwillingness in some cases or because they were not available at the moment. Therefore, a fair comparison in order to establish the success of the SMEs and their competitive level could not take place. Nevertheless, some conclusions can be made with the available information. For instance, the fact that in a time of economic crisis where one company after the other closes down and considering the presence of some very strong and big competitors in the market, these small and medium businesses still manage to survive it constitutes a clear success. Additionally, the decrease in net gains and in the number of clients which the interviewees have confirmed was most likely expected considering the lack of funds and investors the Greek market have witnessed during the past five years. All the above indicators suggest that the SMEs in this sample are probably positioned neither near the top nor at the end of the financial services market. Nevertheless, as mentioned earlier, a fair comparison can't be made with the information at hand. In addition, the researcher can't be certain whether this training strategy is the optimal for the Greek SMEs as it wouldn't be irrational to believe that more formal training could actually benefit the companies and increase their competitiveness as the literature indicate such positive effects. The problem is that with the current financial status of the SMEs and the country in general it is not feasible to experience an increase in the frequency and the volume of formal training any time soon. Therefore, this approach is very likely to persist in the years to come.

CHAPTER 6

6. Overview

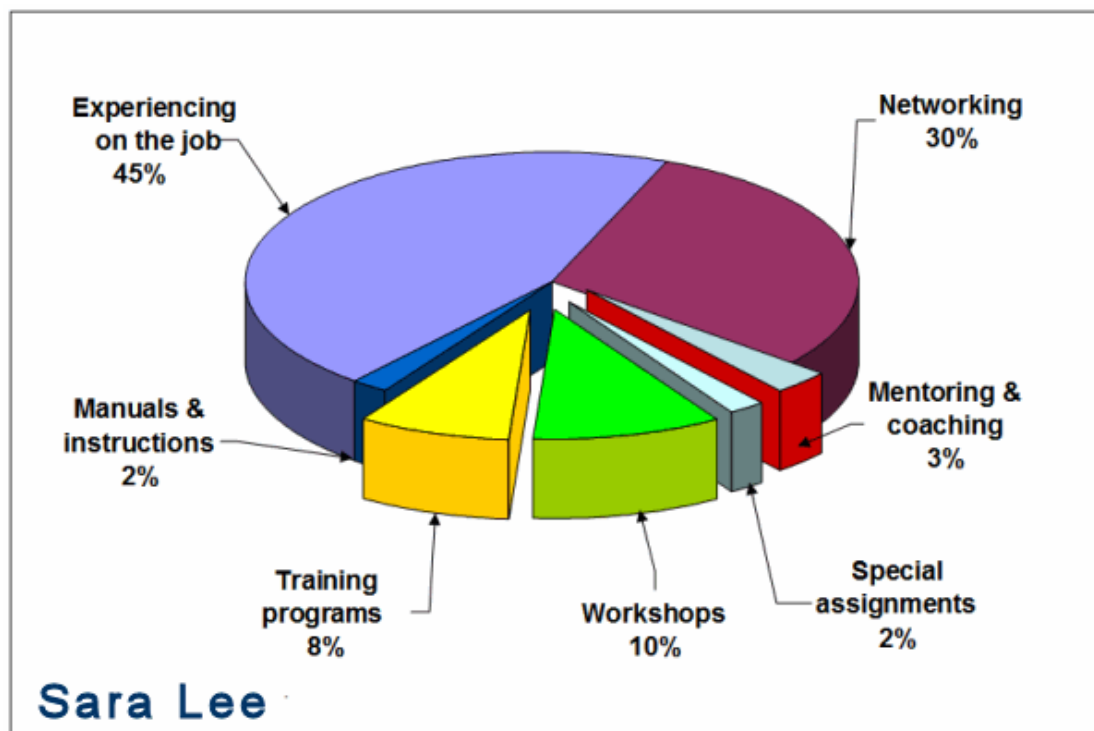
The findings from the interviews in the field works of 2010-2011 and 2014 indicated various interesting points for discussion, many of which have been highlighted in others researchers' studies in the area of Human Resources, training and development, specifically with regards to the SMEs.

6.1 Human Resources, Training and Development in the SMEs

One of the most important points the research in the Greek SMEs have revealed is that of the SMEs' stance towards training and its ad hoc nature. In essence, this suggests a negative feeling or "attitude" towards training as the organizations do not, or will not align training with their overall strategy. According to Garavan (2007) it is imperative that organizations understand the benefits of aligning overall business and functional strategies and how this could enhance an organization's performance and development. Croft and Brown (2005) strongly argue that training can substantially improve organizational effectiveness and performance. Burke, (2011), Tanova and Nadiri (2005), and Boxall and Purcell (2003) extend the argument connecting training and competitive advantage. Evidently, a great part of the literature acknowledges the positive effects of training for those who employ it. In addition, it should be pointed out that this 'ad hoc' approach of training and development may not add value to the organization since the absence of a policy on training does not assist in retaining

talent (as employees might search for more training in other companies which provide it), and the generation and transferring of knowledge “within” and therefore limits the skills and competencies available within the organization. It is widely suggested however, that learning in an organization can take place in a more “unstructured” way (Enos et al, 2003, Marsick and Volpe, 1999). According to a 2011 article published by the Center for Creative Leadership, (<http://clomedia.com/articles/view/unlock-the-next-wave-of-productivity>) at least 70 percent of learning within an organization occurs outside of formal learning activities. As Durham (2012) states, there is disconnection between where learning investments are put and where enterprise learning really takes place and that carries implications for the organizational performance. Adding to that, it is accepted that learning can be achieved without structured training activities since a considerable percentage is actually achieved “on” the job or informally, something which is especially true when it comes to the SMEs (Wee and Chua, 2013, Desouza and Awazk, 2006, Nunes et al, 2006 and Danila, 2005). The following chart based on the “Sara Lee Corporation” resources in Europe (<http://www.informl.com/2010/01/26/an-example-of-informal-learning-from-europe/>) illustrates the percentage of structured and unstructured practices that equip the staff with the required knowledge and competencies for doing the job:

Figure 6.1 - Sara Lee example



Based on the above figure, formal training is actually less than 30%. This does not imply however that the SMEs in Greece have actually based their HR structure and policies on the above or other related assumption(s) such as these of Stolovitch and Keeps (2002), but rather that the fact they are continue to operate, function and doing business even without the implementation of structured training programs as seen in the bigger organizations shows that a highly structured training strategy is not the only pre-requisite for sustain market longevity and even success. However, full advantage of the potential of the company's human resources might not be totally exploited.

It was quite evident through the findings that all SMEs from the sample didn't have a "clear" and organized HR function which it could have assisted in training and

development activity. Therefore, it can be assumed that since HR is not particularly valued or to put differently prioritized as a function, or has a limited role, training and development will be underestimated. In order to cope with the constant changes in businesses worldwide, the bigger organizations are more prone to have set up adequate training schemes in the attempt to add value to the company's services and / or products and enhance overall performance (Danila, 2005 and McAdam and Reid, 2001). An organization that believes in its employees, supports the above assumptions, and conducts a more "human resources oriented" approach will most probably invest in training more than an organization that does not. This is exactly the case with the different approach big organizations and SMEs reflect towards training. This is also extremely evident in the case of the Greek financial services SMEs. The Human Resource Management role is a strategic one, providing leadership and vision in the human resourcing area, and is not that much involved in the day to day operational issues in respect of staff as the primary data showcases. In fact, the management trainees have attested repeatedly that direct intervention does exist, but not in the form of human resource management support. The top managers such as the president and the vice president - who as a matter of fact are responsible for the HR and the company's overall management - have a direct "say" on the practices and decisions exercised by the entire management personnel. All their actions are constantly monitored and in certain instances altered or dismissed if the administration feels so. That of course raises the question whether these managers are actually managing or they just hold the title of being in a managerial role. Literature reveals that such state of strong and patronizing model of ownership or to put differently leadership is quite common in the SMEs (Bappalainen and Nishanen, 2010, Abor, 2007, Hudson et al, 2001, Wilson and Homan, 2004 and Rachagan and

Satkunashingam, 2009). If an organization holds a strategic view of HRM, the human resources of that company are valued highly as an asset and their further development through techniques such as appraisals and performance management can help the company in gaining critical competencies and skills in search for competitive advantage. The question therefore lies whether the organization itself values employees at least in its classical sense by engaging into extensive formal training for the staff. In the case of Greek stock market SMEs, the employees are lacking the opportunity to engage in extensive formal training. This lack is the result of a deliberate decision made by the companies' administration due to a variety of reasons as the field work revealed namely are low trust to training benefits, lack of financial and human resources, limited time to dedicate into training, and extensive government bureaucracy before receiving supporting economic aid.

As a consequence of Human Resources not being seen by the sample of this study as a function that could add value to the organization (mainly based on its absence as a structured function), training, as an activity that falls under HR is also not supported. According to the interviewees of the group A (the ones responsible for HR) many organizations are usually reluctant to train because of losing employees to other companies as their newly trained staff will have skills which can be sold for more elsewhere or because the talented professionals seek more opportunities for greater training and learning chances that will assist them in their personal future career aspirations. Possibly that does constitute another potential explanation for the Greek SMEs to avoid the incorporation of more formal training. Moreover, some organizations encourage training and invest in training as a substitute to long – term job security or higher salaries, (Thassanabanjong, 2009, Richbell et al, 2010, Lyons and Mattare, 2011, and Chirico, 2008) but again, this does not seem to be the case in

this study. It is rather for a more simple reason; that of not supporting training as the SMEs have not been convinced of its value. HR studies in Europe such as this of Kerste and Muizer (2002) suggest that one of the most important issues in training and development is knowledge transfer, (Agricote and Ingram, 2000) especially in times of increased labor turnover (Winterton, 2004) and one of the methods to achieve it, is to have set up policies to support this transfer. As seen in other research conducted in foreign markets (Desouza and Awazk, 2006, Wee and Chua, 2013 and Coyte et al, 20012), the SMEs rely on informal mechanisms once again for achieving this transfer of knowledge. The transfer occurs through the cooperation between the different divisions or offices which are filling up potential organizational gaps, and through the interaction with the owner / manager who does not only process a style of overriding management / leadership to the company but also, he is considered to be the primary source of knowledge as being in most many the most senior manager having the greatest experience on the market, from which all staff “can and supposedly should” gain useful job insights by interacting with him possibly via a mode of mentoring or even coaching. Therefore, no transfer knowledge related policies are set in place in those research samples. In the Greek SMEs investigated, it is true that the same phenomenon is clearly identified. In perfect accordance with the existing literature, Greek financial services SMEs are handling the aspect of knowledge transfer informally which happens to be a deliberate decision of the management of the company. In the Greek sample, the highly power concentrated leadership remains the source of knowledge that sets up the rules for the rest to strictly follow actually doing business internally and externally (inside and outside the company) the way he is used to. In that sense, the background of the high manager (owner / president) as well as his education and general attitude towards various

organizational issues such as training and development are of big importance as they are the factors who determine eventually his stance. Again, this is does not come as unheard news for the SMEs' practices in foreign markets as Wilson and Homan (2004) have already identified this trend in the UK.

The financial services SMEs in the Greek market do not seem to value highly the option of formal training and the research findings which suggests a positive correlation between training and organization's performance. The data collected from the interviews suggest that training is seen as a cost more than an investment and this was reinforced by the fact that training evaluation were not analyzed adequately, there was an absence of HR metrics (i.e. return on investment – "ROI") and also there was nothing suggesting evidence of a clear process, training policy and knowledge transfer as explained earlier. Training and development needs to be a well – thought process according to Armstrong (1999). He continues saying, that training is essentially a "strategic process" which is concerned with meeting both business and individual needs. However, the literature suggests that the size of the firm does play a role, given that a larger organization can create economies of scale, have greater budgets for HR and training than an SME appreciating therefore and employing training at a greater degree in comparison to the SMEs (Westhead and Storey, 1997, Hudson et al, 2001 and Tung-Chan Huang, 2001). On the other hand, it should be noted at this point that the subjects responsible for the HR and training decision making have stated that if more money existed, more training would have been employed. They have also made reference to the size of their organizations insinuating a negative description due to the lesser number of staff and also to the significantly smaller budget in comparison to the big enterprises. To reinforce that statement even further, Chirico (2008), Thassanabanjong (2009), Richbell et al (2010), Danila (2005), Taylor et al (2004)

Lyons and Mattare (2011) identify that formal training is indeed more apparent in big companies, whereas in SMEs rather informal and on the job forms of training are being used substituting the formal ones. To that respect, the Greek SMEs do not constitute any exemption in comparison to the international known literature. However, this may change in the future given the numerous new methodologies available to train employees. A recent (2013) article by the Economist (<http://www.economist.com/news/international/21568738-online-courses-are-transforming-higher-education-creating-new-opportunities-best>) on the changing nature of education globally suggests the following. Massive on line courses (MOOCs) have been a “game – changer” based on the article’s assumptions and this will logically, change the ways corporations will need to change as well. Greater interaction, automated assessments, games and personalized approaches may alter eventually the characteristics of education and training in the near future. These developments will most probably be used by organizations as well suggesting easier and more accessible methods to keep up – to date, learn and also be assessed. SMEs need to take advantage of these developments as they may offer an efficient solution for them in terms of investment, evaluation, assessment, and performance management. As education changes, corporate training will be possibly be affected as well.

According to Collins (2005) training is the process of extending and improving skills and knowledge of people in order to improve job performance. Armstrong (1999) argues that training is the planned process to modify knowledge, attitude and skills through the learning experience to achieve greater performance. Development however is different. The overall purpose of employee development is to ensure that the firm meets current and future performance objectives, improves the performance of individuals and teams and attempts to maximize people’s potential for

growth and promotion. Dowling et al (1999), states that training aims to improve current work skills and behavior, whereas development aims to improve skills and behavior for some future job or activity. Also, Van Wart (1993) suggests that training is used for filling immediate needs, while Reynolds (2000) believes that development implies the change in behavior (long-term) that requires by an organization to create the desire and equip the employees with new skills, overcoming old patterns / habits and allow time to practice and apply them as well as reinforce and coach them. It is somewhat evident from the findings of this thesis that performance objectives for the SMEs are absent while the training undertaken are not linked to any promotional scheme and does not prove to maximize people's potential. It is not a planned and deliberate learning exercise which is usually long term, focusing on career. The only somewhat "structured" framework was that of the trainings required to become certified and be able to conduct business at the SME. Mabey and Salaman (1995) talk about the alignment required amongst overall business strategy and HR strategy and that training lies within this context. The authors argue that training is instrumental making that alignment a reality in the organizational level. The various types of training used will equip the human resources (i.e. the management personnel in the case of this project) with the required practical skills and knowledge to meet its' organizational goals and market challenges, existing or emerging.

Furthermore, there is an absence of a serious training needs assessment and evaluation of the training itself. This fact has raised a number of complaints and concerns by part of the sample (in the manager trainee level mainly), regarding the impact these practices have or will have on the operation and the performance of the organizations. This suggests that higher level employees understand the value of training and how important training is for a firm. The development of training

programs involves training needs analysis as one of the most important phases in the overall process. This is clearly an issue that needs to be tackled by the financial services SMEs in Greece as such practice is totally out of the SMEs operational agenda. How can an organization train its people without assessing training needs? Moreover, how can an organization be confident that its training program (if any) will support the company's overall strategy? Despite the fact that there is some literature – although not the most recent one - indicating that the link between training and performance is not well established, (Wynarczyk et al, 1993, Westhead and Storey, 1997, Marshal et al, 1995, Donovan et al, 2001, Roman, 2002, and Cosh et al, 1998), as positive impact of training on business goals including performance, effectiveness, attraction of new clients and higher income has not been identified. However, in most cases, training has been found to benefit organizations in many areas. More recent studies, for example, Garavan (2007) and Croft and Brown (2005) see more positive correlation between training and effectiveness. Panagiotakopoulos (2011), Tanova and Nadiri (2005), Burke (2011) and Boxall and Purcell (2003) connect personnel development via training with competitive advantage. Nevertheless, such connection was not evident in this study on a strategic level in the four SMEs. Despite the positive literature references on the advantages of the continuing training, the Greek SMEs researched have clearly abandoned the idea of a thoroughly planned training and development scheme which will deliver results in the long term. Contrary to this, the high management (owners / managers) of the SMEs have established a very informal approach of “training” the staff and transferring the knowledge within the company. The learning on the job while dealing with the various tasks has replaced the formal training usually seen in larger companies. The informality of knowledge management in combination with the absence of training needs assessment and the

fact that any training occurred is decided upon the opportunistic demands of a good arising job again does not strike as a surprise in the case of the SMEs as literature in other parts of the world clearly unveils such attitudes and practices. For instance, Hudson et al (2001), Wilson and Homan (2004), Taylor et al (2004) in the UK, Coyte et al (2012), Hutchinson and Quintas (2008) in Australia, Desouza and Awazk (2006) in USA, Wee and Chua (2013) in Singapore.

6.2 The effect of the Greek economic crisis

When analyzing the current practices of training in the SMEs of the Greek market, it is imperative to consider the financial crisis which struck the country and the impact it has on the companies (especially the smaller ones) diminishing possibly their ability to make investments hiring new personnel, or expanding their businesses and train further their people. The cost reduction policies and the measures taken by the companies in conjunction with the firing of a considerable percentage of their staff and the overall downsizing (i.e. in facilities and the hardware) have been well documented in the field work. The market of Greece has experienced an unprecedented “dry out” of cash, the banks are extremely reluctant to provide loans to entrepreneurs and the investors are seeking elsewhere (outside) Greece to move their businesses in order to stop the huge losses since 2009. The continues pressure of the IMF to the Greek government for raising more tax laws and dismissing thousands of employees working in the public sector as well as the very little interest of foreign investors to put money in Greece due to the ongoing instability in both political and economic level have cut short the ambitions of the financial services SMEs for increasing or even sustain their gains. The goal now for the companies investigated is

survival as the interviews have revealed. As the EU fact-sheet demonstrates (http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance_review/files/countries-sheets/2012/greece_en.pdf) an increasing and alarming number of SMEs go out of business eventually. Many more are on the verge to follow the same path. A future research will be of good interest as to what will be the approach to training in a very limited market financially such as this of Greece. This thesis initial primary research begun in 2010 and was completed in the middle of 2011 where a follow up field work, succeeding the first, had among others the purpose to observe the losses and the overall damage the ongoing economic crisis had brought. There has been a great fear by the researcher prior to the 2014 filed work, that the country's acute financial deficits would have further traumatized the practice of training in the Greek SMEs.

According to the European Commission, there are approximately 73 SMEs per 1000 inhabitants in Greece, which is greatly above the EU-27 average of 40 (http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance_review/files/countries-sheets/2012/greece_en.pdf) Since this is mainly due to a high overall number of businesses, Greece is only slightly above average in terms of the proportion of SMEs as compared to all enterprises. It is noteworthy that more than 97% of all Greek enterprises are micro companies (http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/files/countries-sheets/2012/greece_en.pdf). Greek SMEs represent a very important share of the economy, accounting for a far larger share of total employment and value added than the EU average. Again, the role of the Greek micro companies is unique in the European context. Furthermore, in terms of continuous vocational training, only 14% of employees participated in such training in Greece based on the same

European Commission report, compared to 33% on average, and the average duration of the learning activities was three times shorter (http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/files/countries-sheets/2012/greece_en.pdf).

One needs to assess the findings of this thesis in relation to the overall Greek financial crisis given the timing of its preparation. The period 2008 – 2014 has been one of the most challenging for Greece on every front. According to the EU fact sheet on SMEs 90.000 units have gone out of business between 2008 and 2011. (http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/files/countries-sheets/2012/greece_en.pdf) This is three times the 30,000 businesses that shut down over a seven-year period between 2003 and 2010. SMEs in Greece have been hit hard in every industry, let alone the financial one. Within this turbulent financial climate, it is quite common for most organizations to cut down costs “across the board” without necessarily thinking of the consequences in the long term as they need to solve financial problems fast. This has been the case since 2008 and the recent Cyprus crisis in March 2013 has worsened the situation given the close political and financial ties between the two nations. Within this framework, it has been difficult for organizations to plan ahead, undertake adequate analysis for training and invest in this area. Thus, given the timing of this thesis, each year has been more challenging and difficult for the SMEs and when interpret the findings we should take this under consideration as a potential limitation to the study.

Despite the issue of the market crisis which is a limiting factor to a company's plans by itself, the research has looked also at how things were run in relation to training before the economy started to crumble. It was revealed that the organizations never really emphasized management training to any high extent for boosting their

competitiveness as the primary research showed for all (four) organizations. The practices of the Greek financial services SMEs evidently showcase reliance on the everyday job activity and on the experience gained by the interaction with the clients and the various operations the companies have to deal with. It should be noted that all managers responsible for HR have attested that they view training overall as something very positive that is always a strong add-on, but in practice they do not prioritize it highly, refraining spending a higher amount of the organization's annual budget for that purpose. This is quite common in the literature related to training practices and attitudes in the SMEs. Training occurrence is limited and especially any formality is greatly lacking as highly informal, on the job methods of training are primarily seen to be used (Nunes et al, 2006, Wee and Chua, 2013, Thassanabanjong, 2009, Taylor et al, 2004, Hudson et al, 2001, Coyte et al, 20012, Danila, 2005, Richbell et al, 2010, Chirico, 2008, and Lyons and Mattare, 2011). In essence, technical training takes place when required (i.e. certifications / work certificates) but soft skills are less evident. Areas such as leadership, communication, management skills are not included in the training agenda. Furthermore, the structure of the SMEs in Greece also plays a role in the findings. The SMEs appear to concentrate all their power and management authority in the hands of the CEO / owners primarily and / or the vice president, who are responsible for the HRM issues among others. Without having any difference between family or non-family companies of the sample, these are the ones who decide which training, where, and who attends. A recent study reinforces this point, which is based on the attitudes of owners at Greek SMEs according to Panagiotopoulos (2011). In his recent study on barriers to employee training and learning in small and medium-sized enterprises, he suggests that a key challenge for policy makers in this area is to facilitate changes in owner attitudes,

improve access to training interventions and create the necessary institutional conditions to encourage SMEs to build and develop through training.

Furthermore, and based on structure, the title “management” is given to some employees without really enabling them to practice their own management in the divisions they supposedly are in charge as the company’s administration will dictate the options and decisions to take place. The division managers at the majority of the cases are in essence obliged to first ask for a review of their recommendations before taking the action. Thus, management training is heavily dependent on the experience, the education, and the opinion the higher management / administration of the organization have towards training (also seen in literature i.e. Hudson et al, 2001, Desouza and Awazk, 2006, Wilson and Homan, 2004 and Wee and Chua, 2013). To support this finding and demonstrate the limited focus on administration, a European Commission report on the degree of support among SMEs in Greece for current regulations and the time it takes to comply with administrative obligations, suggest a Greek performance above the EU average, with the first amounting to 41% (compared to the EU average of 29%). As for the second, Greek SMEs devote only 4% of total working time to administrative procedures, as compared to the EU average of 8%. (http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/files/countries-sheets/2012/greece_en.pdf)

6.3 Gaining competitive advantage through training

The term competitive advantage refers to the differentiating quality among companies in a specific market. Competitive advantage is achieved by creating “value”, a differentiation in the product or service (Porter, 1985). Competitive strategy,

according to Bartlett and Ghosal (2002) can be built on “a human-resource foundation”, indicating the importance of people and training while Henry et al (2003) suggests that competitive advantage through people has to do with creating a workforce that can't be easily duplicated. In a recent survey by PwC's CEO annual global survey of 2012, (<http://read.pwc.com/i/104667>) one in four CEOs said they were unable to pursue a market opportunity or have had to cancel or delay a strategic initiative because of financial challenges / limitations. And one in three are concerned that skill shortages will impact their company's ability to innovate effectively. According to Durham (2012), for many of today's organizations, how they manage and support learning is inadequate to meet the needs of tomorrow's workforce.

The issue with the Greek SMEs that have been researched is that even though they seemingly believe in the idea of engaging into more formal training. In reality they don't feel it is imperative and also they don't want to spend more of their hard earned financial resources for such an activity especially in a time of acute market crisis. Therefore, competitive advantage via the formal training route is impossible to be achieved considering the current, financially suffocating situation in the Greek market and the low trust on training and its' supposed benefits. This is a given particularly since training is not supported by any form of training needs assessment / evaluation. Therefore, even the little training which is taking place is related to the actual needs of the personnel committed to training. However, research in SMEs in other countries / markets (I.e. Johnson, 2002, Clarke et al, 2006, MacAdam and Reid, 2001, Hutchison and Quintas, 2008, Desouza and Awazk, 2006, Chua and Wee, 20013, Agricote and Ingram, 2000) have showed with great emphasis that Greece is not the only country which their SMEs don't employ extensive formal training. The literature as a matter of fact has verified that SMEs tend to rely heavily to rather

inexpensive, unstructured and informal ways of training the staff. Methods such as “on the job” training or learning while actually dealing with the task - action learning - (Clarke et al, 2006) having some supervision and guidance by more senior and experienced staff members who act as unofficial tutors or instructors or even learning throughout networking are a common place in the smaller companies (Johnson, 2002, Clarke et al, 2006, Taylor et al, 2004, Hudson et al, 2001, Danila, 2005, Coyte et al, 2012, Agricote and Ingram, 2000). The results of the field work of this research in the Greek SMEs have revealed exactly these practices and overall approaches with regards to training. In that sense, Greece does not constitute an exemption in the global SMEs stage and the usually adopted approaches or norms. Although, the managers responsible for training tried several times to attribute the lack of extensive or greater training to the financial difficulties, a flashback in the practices of the organizations way before the crisis revealed that training was never prioritized and informal training ways have replaced the formal ones.

Obviously, since the management of these companies lies heavily in the hands of the owners in both the family and the non-family SMEs of the sample, the attitude towards training is shaped according to their personal education and knowledge as well as according to their prior experiences when it comes to training. Of course, Greece is again no exemption to this as SMEs in other countries are reflecting the same high power / management concentration solely to the hands of the owner and to the degree he or she values training as a staff developmental tool which can yield financial returns if used appropriately (Abor, 2007, Lappalainen and Nishansen, 2010 and Rachagan and Saktunasingam, 2009). In extent, the group B of interviewees - the trainees - states clearly their dissatisfaction on the issue expressing with emphasis (to the researcher) their intention to leave their small companies for larger ones, usually

well-known multinationals that will provide them with more training opportunities improving as such their skills and aiming for higher salaries and promotions in the future. In agreement with this, Taylor et al (2004) have discovered in their research that employees working in the SMEs which don't provide formal training will report a lesser degree of satisfaction towards the company's training practices arguing that even though they might be well versed with their occupation no official / recognized diploma or title is given to prove this. Therefore, these employees will start seeking opportunities away from their current organization seeking formal training that is actually accompanied with this kind of recognition. One is for certain, with the current mentality of the Greek SMEs investigated in the financial service industry, training, as it is exercised, can't lead to any substantial competitive advantage over other market competitors.

6.4 The future

Since the beginning of this thesis, there have been numerous changes in technology and the business environment that need to be taken into consideration for further research and to evaluate the findings of this thesis. The on-going changes suggest a hyper-connected world, a constant growing information flow and life - long learning. The rapid changes in technology that enable rich, global information learning environments reduce the lifespan of useful information (Durham 2012). It may be that even policies on training and development, or structured training cannot help enhance the performance of organizations let alone SMEs. New methods for training through technology, MOOCs (massive online open courses), easier assessments and accessibility will most probably change the training and development landscape for

all organizations and SMEs may actually be in a good position based on size to be flexible and take advantage of these (Cagliano et al, 2001). Corporate training has gone a long way and has become highly sophisticated. It is expected to become even more in the future, however more “open” to all therefore making competitive advantage a much more difficult issue. As PwC’s annual CEO survey (2012) states *“Meanwhile, the competition for talent has become fiercer than ever before, with the aging of the global population and the changing nature of work”* (<http://read.pwc.com/i/104667>).

Organizations and employees have greater opportunities for training and education than they had since 2008 – 2009 (during the start of this thesis). Individuals have more opportunities than ever, more options available and are required to update their knowledge and develop their skills to be marketable in the workplace. However, it should be noted that more options does not necessarily mean better training. Based on the above facts, one would expect greater competition among talented trained individuals as more opportunities are available. This is also expected to affect Greek SMEs in the near future.

Greek SMEs might have substantial gains to yield by engaging into formal training in terms of growth, profit and efficiency. It has been understood by reviewing the literature that SMEs – just like the SMEs in the research sample - do expect and rely a lot on unstructured, informal training which has been the traditional way of knowledge transfer in the organizations of such size (Johnson, 2002, Clarke et al, 2006, Agricote and Ingram, 2000). Nevertheless, a particularly large in sample research conducted by Cotey and Folker (2007) showcased the benefits formal training has in the SMEs which decided to use that route. Actually, the study also pinpoints the fact the companies which embraced the formality on training

methodology are non-family ones, whereas the SMEs which remained “traditional” are the family ones where the owner / manager seems reluctant to depart from the training habits and trends of the past. Cotey and Folker (2007) argue that the companies that continued to go informally at training their staff do not experience the same benefits as the non-family SMEs. Although, the sample in Greece still continues to use informal training ways, including both, the family and the non-family SMEs that have been researched, the study above is an indication and encouragement for the managers to move further in their quest of becoming more competitive. It would be interesting to assess the effectiveness formal training can have especially at times of economic depression where funds are scarce and investing into training would be a decision with added risk and even considered as luxury.

The future of SMEs in Greece in terms of numbers is expected to increase. Given that one of the most important ways for a country to develop and grow is through innovation and entrepreneurship, the country is going through structural changes in order to stimulate new start – ups. Funding is becoming available from the European Union structural funds and also the bank restructuring. This will take time, but is a fact that is noteworthy as it will affect the number of SMEs. Within a similar framework, more competition will be evident and training, based on the literature and the findings may be a way to gain competitive advantage.

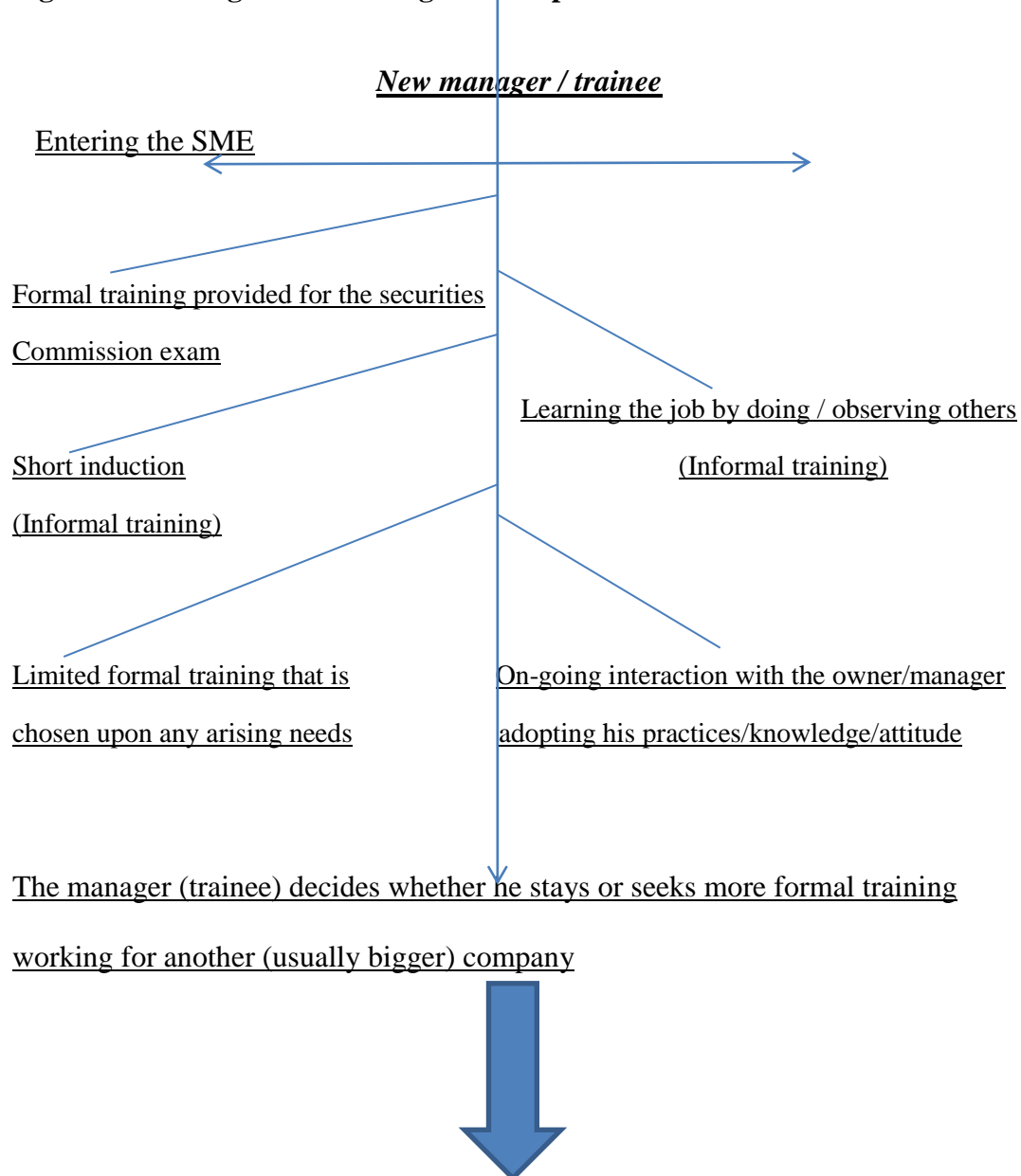
6.5 Building the theory: Training and competitiveness in the Greek SMEs

The field work conducted from 2010 to 2011 has revealed a number of clues on how the Greek SMEs in the financial services sector approach and handle the issue of training. The researcher also has provided useful insights on whether the approach and practices seen in the research are capable to offer a competitive boost based on the development via training of the skills and the capabilities of the managers / trainees. Considering the results and their analyses, a theoretical model has been constructed in order to put those conclusions together attempting to best describe and explain the reality that exists in the Greek market with regards to training and competitive advantage. The theoretical model that has been derived by the data analysis of the initial field work (2010-2011) has been questioned and re-validated during the follow up primary research of 2014. The latest research has confirmed that the findings used to develop the model are accurate and represent the everyday reality, the operations, the approach and the mentality surrounding training in the Greek SMEs of the financial services market.

The model comes into stages based on a chronological order from the moment the new manager is entering the company and continues as he goes through various stages of training –formal and informal- until reaching the final phase when a number of factors determines whether he stays in the SME or leaves. These stages, a trainee faces are the ones which contribute to the level of knowledge he eventually acquires while working in these stock market companies. The model which has been built, explains the approach used for managing the knowledge inter-organizationally and the

way it is circulated and finally delivered to the managers / trainees. Below a graph about the training the new managers experience in the Greek SMEs and the theory which derives based on the experience of both groups of individuals involved, is presented.

Figure 6.2 Management training and competitiveness in the Greek SMEs



The current SMEs' training system:

- 1) Is inadequate in formal training for boosting the company's competitiveness
- 2) Over relies on informal (training) pathways
- 3) Is shaping the company's philosophy and practices according to the owner-manager's knowledge, experience and attitude

The above figure and the many facets it is presenting constitute a theoretical model that is derived by the research and the analysis of the data retrieved. More analytically:

- 1) Everything begins the moment a new employee is hired in the position of manager in the company. If the person has not worked before in the industry, he is obliged to obtain the license to work by being examined in a test organized by the securities commission. The company who has hired him will initiate the procedures for taking him through a training preparation for this examination. The training is delivered by professional outside the company providers and it has the form of a very formal process according to the subjects in the sample.
- 2) If the candidate is successful in the exam, then he officially attains the work permit for this market. At this stage, the company offers a short two to four week induction where someone from senior employees / managers will show the new trainee around "teaching" him the very basics of the everyday activities and overall responsibilities the newly appointed manager will have. This stage is considered rather informal and very quick in time for a new

person to learn how to operate and what his many responsibilities will be since this is a managerial role with supposedly extended roles and duties inside the organization.

- 3) Post induction, the manager / trainee is basically left alone to execute his duties and the everyday activity dealing with the various job tasks. The support by other senior employees in the form of mentoring is not a given at all times, therefore, the new manager is at risk of doing mistakes while still learning. This is probably the most basic part of training for the new manager and shapes to a great degree the knowledge he eventually obtains in the company. Although it is debatable whether this is the most appropriate training approach for an SME in this market, it is a highly used practice in Greece and especially in small and medium sized organizations and according to the international literature on SMEs and knowledge theory it is also seen used extensively in SMEs worldwide. (Desouza and Awazk, 2006, Wilson and Homan, 2004, Taylor et al, 2004, Hudson et al, 2001, Nunes et al 2006 and Coyte et al, 2012). Such training is considered highly informal.
- 4) This stage begins when the manager is starting to get into his new role and the interaction with the high management –the president / owner- becomes more frequent and closer. At this facet, which is an on-going one, the CEO and the vice president start making clear to the manager / trainee who is in charge in the company and how their decisions are capable to override at any time other manager's decisions, actions or initiative. The owner / manager attempts evidently according to the interviewees of group B to pass his own philosophy on how the company should be run inside the organization and outside, in the market. This interaction of the manager / trainee with the CEO showcases two

controversial elements. First, is the limited role the trainee eventually has on the SME as everything is filtered by the high management, and second is the opportunity for him to gain precious knowledge from the interaction with the president in order to draw more information real world experience by a market expert. However, considering the comments the trainees testified during the interviews it is clear that this intervention by the high management is not well tolerated or appreciated. This interaction can be considered as an informal way for an employee to obtain knowledge. Although this can't be considered as a form of training, it is indeed a very common method of acquiring knowledge in SMEs (Wee and Chua, 2013, Desouza and Awazk, 2006 and Hudson et al, 2001), and it falls into the wide range of practices that are seen taking place informally rather than formally in the organizations of that size and budget.

- 5) So far in the stages that have been explained above, the manager / trainee is experienced the implementation of more informal rather than formal training practices and methods of knowledge transfer. However, there is also some very minor and rare engagement with more formal training. Some training courses are delivered to the management staff but this is decided upon any arising need it might occur which can't be covered by the company's existing skills and knowledge. Therefore, the training seen in the SMEs of the sample is a re-active rather than pro-active approach by the managers responsible for the HR, the training, and the development. It should be noted that this kind of training is not a part of an organized long term plan for the SMEs but it constitutes a quick solution or quick fix to a sudden organizational or market need. Also it is worth to emphasize that these training courses are specified and directed to a particular need or situation and most of the times are not

management-centered such as leadership or to a related management interest. Additionally, the training is not a product of a serious training needs assessment which is entirely absent as the interviews clearly have revealed in the organization's mechanisms.

6) In the last stage, the manager / trainee having considered the experience and the knowledge he gained in his time in the SME decides whether he stays in the same company or leaves seeking a bigger organization with more opportunities for a better career and also more chances of getting additional and formal methods of training offering him more qualifications and knowledge for developing his managerial profile and subsequently a better curriculum vitae. Analyzing the answers provided by these managers / trainees during the research, it was obvious that they were strongly thinking the option of moving to a bigger company and the more serious, frequent, formal and advanced forms of training and knowledge management employed especially in the big multinationals was one of the reasons.

7) Finally, as all phases have been presented, the concluding points between the system of management training employed by the SMEs and the issue of competitiveness is offered and that is summarized in three key points:

A. There is inadequate presence / occurrence of formal training in the companies

B. There is an over-reliance on informal training pathways in order to compensate for the missing formal

C. This system shapes the company's philosophy and practices according to the knowledge and attitude of the owner / manager

In these final remarks, the theoretical model returns back to the title and main objective of the thesis, showing its' contribution to answering the question whether training can be a source of competitive advantage in the Greek SMEs, linking the current formal training practices used with the inability to reach a competitive edge. The model highlights the emphasis that is given to the informal ways of training the new managers undertaking and the great influence of the high management (the CEO) has on establishing an organizational culture which is entirely underpinned by his own set of beliefs and tendencies (i.e. towards training among others issues).

CHAPTER 7

7. Summary of research findings and scientific contribution

This study's significance lies on the fact that it touches an area that has not been researched extensively in Greece. This constitutes the scientific contribution of this research which is the knowledge it provides regarding the issue of training and its' role and contribution and relation to competitive advantage in a very important sector, the financial services focusing in the SMEs (that is nearly 80% of all EU businesses) in a Eurozone member state (Greece). It is true as presented and discussed thoroughly in the previous chapter (Ch. 5) that the literature has a great number of references on how SMEs regard and approach training as a potential option for boosting competitiveness in many countries such as USA, UK, several EU member states and even some developing countries. However, nothing could be found for the Greek SMEs on this regard. This study offers important findings in the area of the financial services SMEs operating in Athens, constituting the first literature material there is of this topic in the Greek market.

The initial spark which stimulated this project has been adopted from the information found in the training and development literature investigating both; large companies and SMEs and the differences they have towards the approach they implemented on training and its' potential link with competitive advantage. Upon conclusion, several important findings have been identified:

First of all is the fact that Greek SMEs in the sample presents a very powerful style of leadership where all power is accumulated in the hands of the owner who exercises the company's management. This applies to both: family and non – family organizations that have been investigated.

Secondly, the fact that there are managers where in reality they are not exercising their duties freely due to several filters, controls and monitoring on their decisions, imposed by the SMEs owners. It should be stressed at this point that the CEOs and the vice presidents – the most senior managers of the SMEs - keep a very close eye on the new managers monitoring and filtering their actions and also guiding them on an ongoing basis which at the end results in passing their mentality and experiences to the personnel of the company therefore establishing within the company and the personnel a “culture” identical to the set of beliefs the owners / managers embracing.

Thirdly, although formal training takes place initially for preparing the candidates to go through the securities commission test, to obtain the work permit, then it appears that training frequency is decreases substantially or it is even entirely absent for extended periods of time. It must be emphasized at this point that the training as preparation for this exam is not management centered but rather of general background and content. The very low presence of training post exam suggests a degree of low trust to the concept and its' advantages.

Forth is the fact that, even though HR managers attested they see training in a positive manner, formal type of training is still severely lacking. HR managers attribute this lack greatly to the financial crisis. It is clear that no training strategy is evident and the approach that is used in the SMEs is “ad hoc”, meaning that they train staff when the need arises, such as a new task which requires an additional technical skill or an unavoidable need, like a new legislation that affects the organization's

operations. It has also been identified that even prior to the economic crisis, training was not prioritized as something which suggests that the financial issue is not the main constraint for training absence. Nonetheless, all SMEs have indeed decided upon severe cost reductions which ultimately affect training negatively. Still, it can be assumed that training is not highly trusted as a source of additional advantages to the companies reviewing the actions of the HR managers in the SMEs even before the economic market depression struck. As a matter of fact confirmed by the managers, training has never been highly prioritized, no matter the financial resources availability of the company.

The fifth important finding is the trainees who strongly argue in favor of more training for benefiting the SME and their own career aspirations alike, expressing high levels of dissatisfaction for the limited amount of training experienced. They repeatedly argue that additional training will significantly assist the company into achieving its' goals. Obviously, there is an important dichotomy in the thinking between owners and management staff when it comes to that issue judging by the actions eventually taken on a strategic level towards training.

The sixth finding is the absolute lack of training evaluation which is just another element which proves that the training taking place in these SMEs is the not the most appropriate or the required one for best serving the organization's purposes and goals. In the same vein, training assessment, although somewhat evident, it is neither formally performed nor it is taken very seriously, a point which suggests that the organizations have low trust in training and its' supposed benefits it delivers.

The seventh finding is the type of training that is primarily used as a means of knowledge transferring and circulation inter – organizationally, is the informal type, i.e. learning on the spot / job while dealing with the task, apprentice mode, mentoring

and coaching, network learning - from other staff within the company. Any formal training which might occur is very rare and does not concentrate on the management skills primarily.

The eighth finding is the significantly high degree of similarity that has been identified by reviewing and comparing the data retrieved and the existing literature training. It appears that the training approach seen in the Greek SMEs resembles the usual strategy adopted by the SMEs in other countries. The “ad hoc” practicing, the lack of formal training and its’ substitution by informal ways are all commonly referred in the literature. Therefore, the Greek financial service SMEs do not constitute an exemption to what we already know in the ways the companies of this size operate in other parts of the world.

Last but not least, is the answer this study provides to the thesis title, of whether management training can be a source of competitive advantage for Greek SMEs in the stock exchange sector”. To put it simply, even though the literature and findings suggest that there is a positive relationship between the two variables and even through the sample agrees to this assumption, they do not use management training in an organized and aligned to the strategy manner to gain competitive advantage in their market. The way in which the organizations of the sample approaching formal training and the amount of financial and human resources committed into training, do not seem to be adequate enough for establishing the basis for competitive advantage over the other competitors in the industry. The over-reliance that is noticed on the informal avenues for training the new managers lacks the benefits a formal type of training in combination with an accurate training needs assessment can offer. In this aspect, the SMEs in the sample showcase a great gap which doesn’t allow them to “enjoy” the positive outcomes by the training as these are presented in the literature.

Nevertheless, this is not a “Greek practice” as it has been identified in other countries’ SMEs repeatedly and it can rather be characterized even as the norm in the training attitudes the SMEs usually adopt. This appears to be a deliberate, strategic decision of the high management - in other words, the owner who is the CEO and company’s main investor. The low faith regarding the training advantages are the reason for the chosen strategy as these SMEs owners obviously believe the benefits can’t justify the expenses, the time, and the staff needed for articulating any positive outcome in the real business world. Therefore, formal or extended training is abandoned and informal types and methods are called for substituting it. At the end, informal training is the dominant strategic approach in those companies.

a. Research limitation

The research conducted in the Greek financial services sector was initiated in a unprecedentedly difficult era for the Greek economy. The financial crisis that hit Greece from 2008 and became really acute especially in 2011 re - shaped to some extent the SMEs strategy initiating a plethora of cost reduction decisions. The SME managers / owners attribute the lack of training on these decisions. Trainees wish to leave the smaller organizations for bigger ones with more significant economic capability and training prospects. Things might have been different to some extent if financial or political stability was in place. That constitutes a sort of limitation for the results derived from this study as obviously training requires some allocation of the company’s financial reserves. It is not coincidental that some HR management subjects have shared the belief that training is not an absolute necessity at this point in

time and the organizational intent is to first cover the essentials (i.e. staff payments, taxation, facilities' cost) in order to ensure sustainability in the market and then consider further options or investments for boosting competitiveness further. Speaking about economic crisis, one must realize that this is the worst financial situation Greece has ever witnessed since the end of the world war two. The current situation is absolutely unprecedented and does not prioritize new ideas and actions towards the development of the business.

b. Suggestions for future research

The pace of change in the world today has been rapid and has given rise to a number of new methodologies for training and development and has also even amended job titles and their requirements. It is therefore difficult but also interesting to assess how these new developments will affect SMEs on a global scale and particularly in Greece. Therefore this point is recommended as an area for further research. It would be interesting to see how technology could have been able to offer greater – and possibly more effective – methodologies for training and development in SMEs in Greece and / or elsewhere. Technology has become not just a tool, but also could be seen as a requirement for efficiency, transparency openness and assessment for organizations. This does not imply that learning cannot be achieved without technology but it suggests that technology needs to be incorporated in the overall policies and planning of the organization as the opportunities seem many. This study has found limited involvement of training and development practices for the SMEs in the sample. Nevertheless, what would be the outcome in terms of organizational

competitiveness if the findings were the opposite? Will these new training and development methodologies seen in bigger companies mainly, have any positive effect for the Greek SMEs to reach competitive advantage? Undoubtedly, for this to become a reality, a great shift in the management approach towards training has first to be realized.

Furthermore, another area for further research is that of a comparative study in the next years to determine how the economic crisis in Europe – and Greece specifically has affected or will affect in the future the area of training and development in SMEs. Given the changes noted and the rapid technology developments, one could come up with fruitful findings in the area of learning environments, knowledge transfer and on - line learning and assessments – among some of the advancements.

Organizations and employees have a number of difficult tasks in front of them. It is imperative not only for the organizations but for the individuals also to be able to adapt in a changing business environment. The organization needs to do so to gain competitive advantage; the employee to be able to cope with his / her job requirements and changes. Apart from the fact that jobs are changing fast, more individual initiative will be required. The quality of training and education will play a role, not the quantity in order to develop an effective skillset that will prove beneficial to both employer and employee. Technology is a “given” and individuals, as well as organizations will require to be constantly updated with complementary technology skills. Those who will succeed will be those that constantly develop and innovate not only in terms of ideas, but also in terms of their jobs.

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APPENDICES

Appendix A

INTERVIEW SAMPLE WITH CODING PHASE:

*Translated from Greek to English

-Does the SME you are currently working provide management training?

-Yes we provide training for our managers.

-What are the reasons that lead the company to engage in management training?

-We firmly believe that training has a plethora of positive outcomes.

-Such as?

-the managers will be better equipped with skills which will help them to deal with the current market challenges. The market evolves and new needs emerge.

-What kind of needs?

-Due to economic crisis we must allocate our resources for the best possible investments. We can't afford to waste money or time and we can't allow any loss of our current clients, especially the good ones.

-What do you mean by good clients?

-I mean the bigger investors that have been loyal to us for many years.

-Who decides for the training?

-The CEO and vice president who both are responsible among others for the HRM of the company.

So these two mainly decide for training?

-Yes. These will make the planning and take the final decisions

-Do you assemble and discuss training needs and HR matters with other managers before deciding?

-We will gather any feedback for the company's managerial staff and especially the senior managers on what is needed and then decisions will be taken by the company's owner (CEO) and the vice president.

-Does the company take under consideration the opinion of the new managers or it mostly relies as you have said on the senior ones' views mainly?

-As I explained before, overall feedback will be gathered from the company in order to decide what should be done training wise.

-What types of management training have been used in the firm the last three years?

-The Greek government in the attempt to better regulate the stock market sector has put an effort to harmonize the Greek system with what applies on in the other EU countries. For instance, all companies operate in the industry that

hire a new employee, are obliged to have him go through a mandatory examination. The securities commission exam in order to obtain the license and be eligible to work in this market. Therefore the company will provide the training required for that test.

-What kind of training the company provides in that case?

-First of all, the training is not offered by us. The company instead will refer to some external provider for that preparation.

-That training is management related?

-It does not have management related aspects in particular but it deals with several stock-market related issues/activities.

-What do you learn during the training for that test?

-basically you learn how to work as stock market share dealer and broker and how the stock market operates in general terms. About the leasing among other things and how to manage the documents we will use. Also, we learn the basics of the stock market regulations.

-So, this is the initial training every new employee has to undertake?

-Correct.

-Apart from that early stage, what is the training which is experienced once you have started working in the company?

-Once you are done with the license exam and you are in the company, there is these first two to four weeks period that you learn what your duties are next to

someone senior and much more experienced than you who will guide you through that entry stage.

-who decides who will be assigned to “train” the new manager? And what criterion dictates the time needed for this training phase?

-Depending on the department the new manager will be appointed, someone from that department with the relevant knowledge will be chosen to undertake that duty. As far as the time is concerned, again it varies depending by the workload (if it’s a heavy schedule then less time is given for the training), and from the level of knowledge or the response for understanding his new role/duties the manager has.

-Who will judge how well the trainee does?

-His assigned supervisor/trainer will report to the higher management and then a verdict on his performance and whether he is ready or not will come out.

-When you say “higher management” who you mean?

-The manager of that department and in some cases the vice president or the CEO.

-So, you mean that the manager of the department can’t decide solely without referring back to his superiors?

-He has his opinion that can affect the decision but the higher managers will eventually decide.

-If the department’s manager can’t have the final action based on his own evaluation, then what are the criteria the higher management will look at?

-I can't tell with certainty as I don't have that role but I guess parameters such as time constraints, tight deadlines, or the belief that the experience itself will do the job better than the training can be considered.

-So, apart from the practical issues that can arise such as deadlines and limited time which will cut the training short sometimes, you mentioned the belief that experience can even substitute a portion of actual training time.

-We have all learnt first handed the importance of the real job experience. As you go further in that business you realize that training is only to make yourself familiar with the very basics but on the job experience every single day dealing with the tasks we face and the difficulties are the "real thing". This is what opens our eyes and keeps us sharp.

-After the entry stages and the securities commission examination, what other management related training is seen in the company the past three years?

-You will see a little training offered to the managers. The most usual but not frequent training courses that take place are related directly to the activities of the manager's / trainee's department. For instance, someone who is managing the brokers' department will attend training related to that field. Less frequent is to see training being offered in the rather general areas of management. Such as software which can assist the managers in their tasks, some short courses on time management and team working and some strategic management and maybe some times training related to the better analysis of the market or in finance.

-How much time these course usually last?

They are rather short. Something between two to three or even four weeks.

-Who provides the training?

-The same external training providers who make the preparation for the security commission test and some other educational organizations like private colleges or universities.

-Who designs the plan for the training courses that will be chosen and also who decides who participates in these training?

-There is some evaluation process which takes place and the feedback that comes out help the management to take the decisions.

-Again by management you mean?

-The vice president and the CEO who mainly decides on the money spending and therefore for the money allocated for general HRM and training reasons.

-Can you describe me the evaluation process that provide the feedback for deciding what kind of training and who gets trained?

-Everything depends on performance. If the manager is successful on his role and his colleagues don't report negatively on how they cooperate and on the communication they have then these are all positive signs. At the end of the day, the top management will check the personnel and the other managers on everyday basis since they all work in the same environment. Therefore, a form of an atypical but real evaluation takes place day in day out.

-But how do you measure one's performance?

-By the frequent meetings and reports all managers have to have with the CEO and the vice president who actually take all the important decisions ranging from budget and investments to new hires and personnel firings.

-Are you aware of the criteria the two top managers of the company use for evaluating?

-As I said before, I can't tell that as I am not into that decision making but the personal connections a manager has in the sense of attracting new clients in the company and how quick he is without making mistakes throughout the process performing his tasks sure play a major role.

-Considering the process of evaluating a training program or the trainee, is there any paperwork involved such as report filling by the trainer or the trainee?

-No, in this company we don't fill out such reports, but in bigger ones I know they do that.

-How important and adequate you think is the training the managers receive in this company?

-I would say that the training which is provided is just for covering the very basic elements of our work. Apart from that, the experience is what really counts and this is evident in the mentality you will see not only in our company but in the whole stock market sector in Greece.

-Would you ask for additional training?

-Why not? Training is good for overall knowledge even if some program you might follow now will have no direct effect on your current responsibilities but perhaps in the future might be proved handy. You never know where will we end up after some time and what our roles will be.

-Have managers who received training in the company soon after the training was completed actually left for another company?

-I can think of maybe one occasion in which the person left for personal reasons. However, the company tends to retain its' executives as they are well aware of the "how things are done" in our company and its' "mentality". Of course recently the economic weakening of the market that has also affected us has led to some reduction of the staff. (I.e. Personnel has been fired due to cost reduction strategy).

-Is the company aware of the available funding for training purposes?

-We know that some forms of partial funding are available. However, as I know it doesn't cover the whole of the expenses needed for a complete training program in many occasions.

-Do you know who offers such funding?

-The government primarily used to provide such support but recently due to the financial difficulties that support has diminished.

-Did you know that the EU also offers training funding?

-I think I have read it somewhere. But I have also heard that the criteria for getting that assistance are harder from the EU as they very strict in what they ask.

-In what sense these criteria are harder to meet as you say?

-Well, the company that applies for such funding has to have very specific number of employees and annual turnover for being considered as a funding candidate.

-That strictness in the EU funding criteria you think has affected negatively the SMEs from applying?

-Maybe, I am not sure about this to be honest but I know that when the Greek government training support was more readily available it had drawn rather more interest from the applicant SMEs.

..... = Fact;

..... = Explanation / Reason;

..... = Opinion / Impression.

Table A.1

Coding phase illustration

Statement	Code	Meaning
<ul style="list-style-type: none"> <i>we provide training for our managers</i> 	<ul style="list-style-type: none"> Fact 	<ul style="list-style-type: none"> the SME offers training

<ul style="list-style-type: none"> • <i>managers will be better equipped with skills which will help them to deal with the current market challenges</i> 	<ul style="list-style-type: none"> • reason 	<ul style="list-style-type: none"> • he thinks training delivers positive results
<ul style="list-style-type: none"> • <i>Due to economic crisis we must allocate our resources for the best possible investments</i> 	<ul style="list-style-type: none"> • reason 	<ul style="list-style-type: none"> • they don't invest a lot in training due to the crisis as they afraid that they will be out of money so they preserve
<ul style="list-style-type: none"> • <i>the bigger investors</i> 	<ul style="list-style-type: none"> • fact 	<ul style="list-style-type: none"> • they focus at keeping their good clients as they that this is more important than training for staying in the market
<ul style="list-style-type: none"> • <i>The CEO and vice president who both are responsible among</i> 	<ul style="list-style-type: none"> • fact 	<ul style="list-style-type: none"> • CEO and vice president have absolute control about

<p><i>others for the HRM</i></p> <ul style="list-style-type: none"> • <i>We will gather any feedback for the company's managerial staff and especially the senior managers on what is needed and then decisions will be taken by the company's owner (CEO) and the vice president</i> • <i>All companies operate in the industry that hire a new employee, are obliged to have him go through a mandatory examination. The securities commission exam in order to obtain the license and</i> 	<ul style="list-style-type: none"> • Fact • Reason 	<p>everything in the company</p> <ul style="list-style-type: none"> • Other senior managers have a say on the training planning but the CEO and the vice president will have the ultimate final word • A required non-management training cost that will take away from the money that could have been dedicated to actual management training
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<p><i>be eligible to work in this market</i></p> <ul style="list-style-type: none"> • <i>Therefore the company will provide the training required for that test</i> • <i>First of all, the training is not offered by us. The company instead will refer to some external provider for that preparation</i> • <i>It does not have management related aspects in particular but it deals with several stock-market</i> 	<ul style="list-style-type: none"> • Fact • Fact • Fact 	<ul style="list-style-type: none"> • All companies must have that cost thus no advantage or disadvantage emerges via that regulation • The company can't offer that specific training; The market tend to favor certain interests (some big MNEs as training providers) by relying on them for training; This non-management training gets really expensive • As said before, the securities commission test is a not a management centered test
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<p><i>related</i></p> <p><i>issues/activities</i></p> <ul style="list-style-type: none"> • <i>How to work as stock market share dealer and broker and how the stock market operates in general terms. About the leasing among other things and how to manage the documents we will use. Also, we learn the basics of the stock market regulations</i> • <i>There is these first two to four weeks period that you learn what your duties are next to someone senior and much more experienced than you who will guide you</i> 	<ul style="list-style-type: none"> • Fact • Fact 	<ul style="list-style-type: none"> • The breaking down of the required exam. The sections / areas the candidate has to face • Apprentice like informal form of training showing the basics as an introduction to the company
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<p><i>through that entry stage</i></p> <ul style="list-style-type: none"> • <i>Depending on the department the new manager will be appointed, someone from this department with related knowledge will be chosen to undertake that duty</i> • <i>His assigned supervisor/trainer will report to the higher management and then a verdict on his performance and whether he is ready or not will come out</i> • <i>He has his opinion that can affect the</i> 	<ul style="list-style-type: none"> • Fact • Fact • Fact 	<ul style="list-style-type: none"> • Further explanation of the informal format which underpins the initial training phase in the SME • One more evidence that the higher management has the absolute control • Proof showing the top management to totally
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<p><i>decision but the higher managers will eventually decide</i></p> <ul style="list-style-type: none"> <i>I guess parameters such as time constraints, tight deadlines, or the belief that the experience itself will do the job better than the training can be considered</i> <i>We have all learnt first handed the importance of the real job experience. As you go further in that business you realize that training is only to make yourself familiar with the very basics</i> 	<ul style="list-style-type: none"> Reason Reason 	<p>overlap the departments' manager in actions / decisions for each department</p> <ul style="list-style-type: none"> The SME counts more on the experience than training in many cases The belief that experience from the job itself is the most important aspect when it comes to develop or extend ones' skills. Training again gets on the side.
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<p><i>but on the job experience every single day dealing with the tasks we face and the difficulties are the “real thing”. This is what opens our eyes and keeps us sharp</i></p> <ul style="list-style-type: none"> • <i>Little training offered to the managers. The most usual but not frequent training courses that take place are related directly to the activities of the manager’s / trainee’s department. For instance, someone who is managing the brokers’ department will attend training related to that field. Less frequent is to see</i> 	<ul style="list-style-type: none"> • Fact 	<ul style="list-style-type: none"> • They don’t really offer any serious training on management. The managers are going through training which is related to their expertise in the stock market business. It is doubtful that these managers exercise any management in reality
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<p><i>training being offered in the rather general areas of management. Such as software which can assist the managers in their tasks, some short courses on time management and team working and some strategic management and maybe some times training related to the better analysis of the market or in finance</i></p> <ul style="list-style-type: none"> <i>• The same external training providers who make the preparation for the security commission test and some other educational organizations like private colleges or</i> 	<ul style="list-style-type: none"> • Fact 	<ul style="list-style-type: none"> • The SME can't adequately train its managerial staff referring for that reason back to the same external providers. However, the cost for that training can't be categorized as management training expense as its not
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<p><i>universitie</i></p> <ul style="list-style-type: none"> <i>The vice president and the CEO who mainly decide on the money spending and therefore for the money allocated for general HRM and training reasons</i> <i>Everything depends on performance. If the manager is successful on his role and his colleagues don't report negatively on how they cooperate with him plus the</i> 	<ul style="list-style-type: none"> Fact Reason 	<p>management centered</p> <ul style="list-style-type: none"> The two highest managers have the absolute control about anything in the company and this is totally accepted by all other managers. In addition, they are all fully aware that these two are responsible for the budget allocation recognizing as such their true authority being derived mainly from that reason. (control of money=authority) Informal and highly atypical form of evaluation has entirely replaced the formal methods. Everyday observation by the top managers and the social networking within the company are the two main
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<p><i>communication they have then these are considered very positive signs. At the end of the day, the top management will check the personnel and the other managers on everyday basis since they all work in the same environment.</i></p> <p><i>Therefore, a form of an atypical but real evaluation takes place day in day out</i></p> <ul style="list-style-type: none"> • <i>By the frequent meetings and reports all managers have to have with the CEO and the vice president who actually take all the important decisions ranging</i> 	<ul style="list-style-type: none"> • Fact 	<p>concerns for any manager who wants to keep a positive profile</p> <ul style="list-style-type: none"> • The control is offered unconditionally to the CEO and his vice
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<p><i>from budget and investments to new hires and personnel firings</i></p> <ul style="list-style-type: none"> • <i>Connections a manager has in the sense of attracting new clients in the company and how quick he is without making mistakes throughout the process performing his tasks sure play a major role</i> • <i>I would say that the training which is provided is just for covering the very basic elements of our work. Apart from that, the experience is what really counts and this is evident in the</i> 	<p>• Reason</p> <p>• Opinion</p>	<ul style="list-style-type: none"> • Social networking plays a huge role in the market as well as inter - organizationally for being regarded as indispensable for the business • Obviously the idea that experience gets better results than training has been to a large extent accepted in the company. Therefore, this manager does not seem very eager to strongly demand more training
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<p><i>mentality you will see not only in our company but in the whole stock market sector in Greece</i></p> <ul style="list-style-type: none"> <i>• Training is good for overall knowledge even if some program you might follow now will have no direct effect on your current responsibilities but perhaps in the future might be proved handy. You never know where will we end up after some time and what our roles will be</i> 	<ul style="list-style-type: none"> • Opinion 	<ul style="list-style-type: none"> This statement shows that in theory training is good and no potential trainee will decline the chance to go through it. But, in reality there does not seem to be in high demand even from the newer / younger managers as this interviewee. It seems that the company has well established a culture which supports everyday hard work and the experience it yields for developing ones skills than the training. This interviewee although younger than most subjects in this SME is not seriously pressing for going through
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<ul style="list-style-type: none"> • <i>The company tends to retain its' executives as they are well aware of the "how things are done" in our company and its' "mentality"</i> • <i>Recently the economic weakening of the market that has also affected us has led to some reduction of the staff</i> • <i>We know that some forms of partial funding are available</i> 	<ul style="list-style-type: none"> • Fact • Reason • Fact 	<p>additional training</p> <ul style="list-style-type: none"> • The company avoids to change managerial staff frequently possibly in order to not have to undergo the initial entry stage which can waste precious time for making a new manager familiar with the company and its practices / culture • The economic crisis has diminished the financial resources of the SME thus making any investment to be a worthwhile one for the company • The company has the information in regards to any available training funding
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<ul style="list-style-type: none"> • <i>However, as I know it doesn't cover the whole of the expenses needed for a complete training program in many occasions</i> 	<ul style="list-style-type: none"> • Reason 	<ul style="list-style-type: none"> • The SME is reluctant to make use of the funding as it's not able to put the money required for covering the entire expense to engage in training. Therefore, that is another reason / excuse for the company to not prioritize training thus spending the available finances towards other avenues.
<ul style="list-style-type: none"> • <i>The government primarily used to provide such support but recently due to the financial difficulties that support has diminished</i> 	<ul style="list-style-type: none"> • Reason 	<ul style="list-style-type: none"> • Training funding is not as available as it used to be due to the market crisis thus training frequency runs the risk of being further decreased
<ul style="list-style-type: none"> • <i>But I have also heard that the criteria for getting that assistance</i> 	<ul style="list-style-type: none"> • Reason 	<ul style="list-style-type: none"> • The company finds it more difficult to apply for the EU available funding as it afraid

<p><i>are harder from the EU as they very strict in what they ask</i></p> <ul style="list-style-type: none"> • <i>Well, the company that applies for such funding has to have very specific number of employees and annual turnover for being considered as a funding candidate</i> 	<ul style="list-style-type: none"> • Fact 	<p>it will be harder to meet the criteria</p> <ul style="list-style-type: none"> • There is some degree of ignorance about the criteria the EU demands for offering funding. This can also be regarded as a sort of unwillingness to get informed about something which can provide a positive effect to the company
<ul style="list-style-type: none"> • <i>I know that when the Greek government training support was more readily available it had drawn rather more interest from the applicant SMEs</i> 	<ul style="list-style-type: none"> • Fact 	<ul style="list-style-type: none"> • Obviously, it seems easier for the HR decision makers to know more about the funding offered domestically than learning what assistance they can get from funding sources abroad

